

Ambiguity, Uncertainty and Risk: Rethinking Indeterminacy

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Abstract

In this paper, I argue that critical international theory could benefit from a broader and deeper conception of the limits of knowledge—that what is needed is more attention to the role of ambiguity in contemporary politics. In doing so, I am not denying the usefulness of the more prevalent concepts of uncertainty and risk used by scholars applying the frameworks of global governmentality and world risk society. This essay is instead proposing that we understand risk and uncertainty as two specific categories of indeterminacy that have come to preoccupy contemporary neoliberal thinkers and policy-makers, and hence their critics, but which nonetheless tend to downplay the interpretive dimensions of the limits of knowledge. Drawing on Michel Foucault's *The Order of Things*, as well as the ideas of John Maynard Keynes, I develop an analysis of the role of ambiguity in global governance—as an object of global governance, a tool to be exploited by it, and a limit to its operation. Concluding with the case of international financial governance, this essay suggests that not only will a focus on ambiguity shed light on the historical evolution of global finance, but it also provides us with some clues to the sources of the current sub-prime financial crisis.

Introduction

Ambiguity is a term that appears very rarely in recent international relations (IR) scholarship. This is not because scholars of international politics are uninterested in the challenges posed by unknowns but rather because they have preferred to use other concepts to describe the limits of modern knowledge. Hence the fast-growing literature on uncertainty and, above all, on risk. These two concepts capture much of the character of contemporary unknowns: uncertainty speaks to our inability to anticipate what the future holds while risk underlines both our sense of fragility and our constant attempt to reduce it by making those unknowns calculable. Critical IR scholars drawing on the risk-society and global governmentality literatures have therefore turned to these concepts in order to help them make sense of the transformations taking place in the governance of security, migration, development and finance, precisely because these processes of governance appear increasingly concerned with managing risk and uncertainty (Dillon,

2006; Epstein, 2007; Jabri, 2007; Rasmussen, 2004). Yet although these two concepts are undoubtedly the most prevalent and potent contemporary representations of indeterminacy, they are not the only ones. In this article, I will suggest that our understanding of the character of contemporary international politics would be enriched by the addition of a further conceptual category that captures some of the forms of indeterminacy that exceed and overflow the categories of risk and uncertainty—the idea of ambiguity.

In suggesting that we pay more attention to the role of ambiguity, I am not denying the usefulness of the concepts of uncertainty and risk, but am instead proposing that we understand them as two specific forms of indeterminacy that have come to preoccupy contemporary neoliberal thinkers and policy-makers, and hence their critics. Much scholarship on risk and uncertainty has sought to denaturalize the terms and to examine the ways in which they operate as forms of rationality that help to constitute rather than to simply describe the world around them (Dean, 1999b; Ewald, 1991; O'Malley, 1996). These reflexive uses of risk and uncertainty do recognize the limits to efforts to contain indeterminacy in these categories. Yet, I want to suggest, that recognition of the limits of these concepts' performative force could—and should—be more explicit. At the same time, we need to develop a more adequate conceptualization of what it is that exceeds efforts to govern through risk; the categories of uncertainty and radical contingency which have dominated discussions to date, while useful, miss important aspects of the indeterminacy of social life and the limits of our understanding.

Although much of the critical scholarship may appreciate the ways in which risk and uncertainty act as imperfect signifiers, it does not necessary pay enough attention to the implications of the inescapability of interpretation. The inherent slipperiness of interpretation is at the heart of the concept of ambiguity. The *Oxford English Dictionary* defines ambiguity as the “capability of being understood in two or more ways” (OED, 1989). Language—it's complexity, porousness and opacity—is central to the idea of ambiguity. And as scholars ranging from Foucault to Wittgenstein have argued, language also plays a central role in our social existence. Some of the major early works in critical IR theory drew inspiration from this broader linguistic turn and sought to explore the central and often unacknowledged place of ambiguity in global politics (Richard K. Ashley, 1988; Richard K Ashley & Walker, 1990; Campbell, 1992; Shapiro, 1997; Walker, 1993). Yet the concept has slipped from our conceptual vocabulary in recent years.

It is worth remembering why ambiguity, with its emphasis on the polyvalence of social life, is such a potentially potent concept. Not only is language social, but society is also embedded in language practices; it is inherently intersubjective. The role of interpretation is pervasive: as social beings, we work to both give meaning to and to interpret the meaning of words, texts, gestures and practices. Moreover the room for ambiguity only grows larger as we move into these increasingly complex and implicit forms of social communication: just think of the multiplicity of interpretations that people bring to bear on a term like the “War on Terror.” The deployment of such concepts does not simply alter established *meanings*—of terror or of war, for example—but also has concrete effects on specific *practices*: one engages in a war on terrorism very differently than one would in pursuing a series of terrorist crimes. Ambiguity's epistemological

character also has ontological consequences. It both enables and complicates the performative force of our representations of the world. Of course, as a conceptual category ambiguity is also an imperfect signifier that includes certain forms of indeterminacy while downplaying others. However subject it may be to its own ambiguities, I want to suggest that it nonetheless remains a powerful category of analysis.

Like risk and uncertainty, ambiguity poses genuine challenges and possibilities for the practice of governance and has been the object of governmental tactics. It is possible to identify three different relationships between ambiguity and governance: the slipperiness of communication and its openness to multiple and even subversive interpretations can pose a significant problem for government and lead to strategies for *governing ambiguity*. At the same time, as open-ended terms like the “War on Terror” indicate, ambiguity can itself be a strategic asset for those who seek to *govern through ambiguity*. Yet, even in such cases the ambiguity will always exceed efforts to control and exploit it, generating unintended meanings and effects and acting as a *limit to governance*. Such practices and problems thus do not simply parallel those for managing risk and uncertainty, but also complicate those efforts in interesting ways. I am arguing in this paper that if we are to gain a comprehensive and philosophically robust understanding of liberal governmental strategies and their globalization, we can learn much by attending to the role of ambiguity.

In order to develop this argument, I will be drawing on the insights of an unlikely pair of thinkers—Michel Foucault and John Maynard Keynes. In turning to Foucault, I will supplement the existing very rich scholarship on governmentality by returning to his earlier classic work, *The Order of Things*, to find a more fundamental conception of the limits of modern knowledge—one that points to the importance of language, history and self-reflexivity—all of which underpin the central role of ambiguity (Foucault, 1970). In drawing on Keynes, I will carefully distinguish his conception of indeterminacy from that of Frank Knight, whose definition of uncertainty has had an important influence on much contemporary work on the concept, arguing that Keynes provides a much more radical and social conception of the limits of political economic knowledge. In spite of their considerable differences, both Foucault and Keynes thus provide important clues to the social, political and interpretive nature of modern efforts to understand and respond to the world, and thus to the role of ambiguity.

I have developed this concept of ambiguity in the context of my research into the historical evolution of international economic ideas and financial practices.¹ In this essay, I will focus primarily on the case of global economic governance—and of international financial governance in particular—to examine the relationship among uncertainty, risk and ambiguity and the relative analytic power of each alone and combined. I will therefore be contributing to a growing critical literature on the social and cultural constitution of financial practices (De Goede, 2004; Langley, 2004, 2008; Thrift, 2000) and of political economy more generally (Callon, 1998; De Goede, 2006; Du Gay & Pryke, 2002). In so doing, I hope also to further develop the connections between critical, sociologically-inflected IR theory and political economy.

I will begin this paper with an overview of the growing body of critical scholarship on risk and uncertainty, examining how governmentality and risk-society literatures

conceive of the role of unknowns and the tactics for their management in modern politics. I will suggest that current conceptualizations of risk and uncertainty share a tendency to downplay certain aspects of the limits of knowledge—and could therefore be usefully supplemented with a conception of ambiguity. In the second section of the paper, I examine the philosophical basis for focusing on ambiguity, drawing on Foucault's *The Order of Things*. In the third section, I put these theoretical postulates into historical perspective by briefly tracing the changing conception of ambiguity, and the shifting tactics for governing it, articulated in Keynesian and neo-liberal economic theory and practice. In the fourth and final section, I examine how this attention to the changing role of the concept of ambiguity and its intersection with risk and uncertainty can shed light on the nature of recent financial crises and on international financial institutions' efforts to respond to them.

I will argue that the recent history of financial governance can tell us much about the successes and failures of liberal governmental strategies. In contrast to certain earlier Keynesian social-liberal strategies which deployed ambiguity as a technique of governance, neoliberal economic theory and practice has consistently sought to manage ambiguity by treating it as uncertainty and risk—and therefore as amenable to technical-rational modes of governance. Yet the current sub-prime financial crisis suggests that this strategy is not succeeding—in part because of its failure to address the other forms of ambiguity that characterize global political and economic life.

Uncertainty and risk

Risk and uncertainty are interconnected concepts, with much of the recent literature on each term drawing heavily on the other. It is worth nonetheless taking a look at each in its turn to try to tease out more concretely how the two concepts have been used to represent the limits of our knowledge—the nature of those limits, their source, and the possible solutions to them. In doing so, I will focus on the growing critical social and political scholarship on risk and uncertainty; this interdisciplinary literature draws heavily on Ulrich Beck's idea of the risk society and on Foucault's conception of governmentality, separately or in combination, and has influenced many contemporary critical scholars of international politics (Larner & Walters, 2004a; Rasmussen, 2004; Rojas, 2004; Salter, 2008).

In his first book, *Risk Society*, Ulrich Beck postulated that risk has become the defining feature of late modernity (Beck, 1992). The ability to define and distribute risks, he argues, has come to replace the distribution of wealth as the central axis of conflict in contemporary society. The rise of a risk society, moreover is not an accident but rather a direct consequence of the development of modern science and capitalist production: in a recent public lecture, Beck noted: "Modern society has become a risk society in the sense that it is increasingly occupied with debating, preventing and managing risks that it itself has produced" (Beck, 2006, p. 332). For Beck, risks are both real and socially constructed. How risks get defined and who is made responsible for addressing them is a social construct; yet risks also exist outside of such social processes as genuine dangers demanding our attention. Beck argues further that as modern society becomes more complex and reflexive, those dangers are increasingly exceeding the capacity of risk

management techniques to mitigate them, producing what Mitchell Dean has aptly named a conception of contemporary modernity as a “post-risk-calculation society” (Dean, 1999a, p. 183).

Governmentality scholars like Mitchell Dean have raised important questions about the realist tendencies of Beck’s formulations, arguing instead: “There is no such thing as risk in reality” (Dean, 1999b, p. 131). Dean shifts his attention from the “risks” themselves to the modes of calculative rationality through which they are defined as such and to the techniques of governance through which they are managed. In doing so, Dean and other scholars like him (Bigo, 2002; Hindess, 1997; Larner & Walters, 2004b; Rose, 1993, 1996), draw on the concept of governmentality, or governmental rationality, developed by Foucault in some of his later lectures at the Collège de France.²

In these lectures, Foucault seeks to refine and even revise some of his earlier work on disciplinary society by distinguishing among three different forms of power: sovereign, disciplinary and governmental.³ Governmental modes of power do not seek to control through a logic of exclusion, like sovereignty, nor through that of “quadrillage” (the imposition of grids) and surveillance, like discipline; instead, it relies on a logic of calculation, circulation and self-control. In the recently published 1977-78 lectures, *Sécurité, Territoire, Population*, Foucault provides a useful illustrative example of the differences among these three governmental strategies: he suggests that whereas leprosy was managed through a sovereign logic of territorial exclusion, and the plague was dealt with through a disciplinary strategy of division and surveillance, smallpox was governed through a governmental strategy of epidemic management that sought to calculate the disease’s impact on a population and to manage its spread (Foucault, 2004b, pp. 11-12). In a later lecture, Foucault explicitly identifies risk as one of the ideas that became crucial in the context of the battle against smallpox, suggesting that through calculative techniques it became possible to determine the risks of morbidity for individuals of different ages, professions, and locations (Foucault, 2004b, pp. 62-63).

The kind of epidemiological risk management that Foucault describes in this passage is only one of a multitude of different forms of risk-based calculation, that include insurance, clinical and case-management risk (Dean, 1999b; Simon, 1988). What they share is particular form of calculative rationality—an attempt to represent and interact with the world that is often, although not exclusively, reliant on statistical and probabilistic reasoning. As the growing number of scholars writing in this field have demonstrated, such risk-management rationalities have come to play an increasingly central role in a wide range of different aspects of governance, in the areas of security, transportation, finance and migration, to name just a few. In each of these arenas, the calculative technologies of defining and mitigating risks works to constitute ever growing areas of social life as the objects of a particular kind of government.

If risk is the dominant form of calculative reasoning today, then what is uncertainty? Although some have treated it as the flip side or the residual of risk (Aradau, Lobo-Guerrero, & Van Munster, 2008), Pat O’Malley has suggested instead that it plays a distinct and significant role in liberal theory and practice, as a specific form of indeterminacy that has historically involved different techniques of governance (O’Malley, 2004). In making this distinction, O’Malley relies on Frank Knight’s

distinction between *risk* as “measurable uncertainty” and *uncertainty* as its unmeasurable form (Knight, 1946, p. 233).⁴ Uncertainty, unlike risk, Knight suggests, cannot be managed through probabilistic calculations, generally because “the situation being dealt with is in a high degree unique” (Knight, 1946, p. 233). The likelihood of a trip by car or airplane ending in an accident can be understood as a risk whose probability is more or less calculable. The likelihood of an American military attack on Iran is much harder to determine, and is therefore uncertain, in part because the events surrounding such a decision are “in a high degree unique.”

Uncertainty is thus a conceptual category that defines the unknown in different terms from risk. At the same time, liberal governments have developed specific ways of managing uncertainty that are less oriented towards calculation than those focused on controlling risk. Uncertainty, O’Malley suggests, has been a central preoccupation driving the evolution of contract law; this body of law does not urge perfect rational calculation but instead calls on liberal subjects to exercise the more contextual and common-sensical capacities of reasonable foresight and prudence (O’Malley, 2000, 2004). Uncertainty thus becomes a specific problem to be managed, in part through a greater inculcation of individual responsibility. Yet, uncertainty is not only represented as a problem, but also as a possibility: it is the uncertainty of the market, after all, that makes profit possible, and the uncertainty of political and economic life that drives individuals to become self-fashioning entrepreneurs able to exploit as well as to manage the unexpected. As Louise Amoore points out, this veneration of uncertainty has become a powerful tool in the hands of both business leaders international institutions like the World Bank as they have called for workers and the poor to embrace uncertainty as a condition of their economic survival (Amoore, 2004).

As they are used in contemporary social theory, risk and uncertainty are powerful concepts. They help to show us some of the ways in which unknowns have come to be represented and governed. When used reflexively by scholars, the concepts of risk and uncertainty also go some ways towards recognizing the limits to these efforts to contain and calculate indeterminacy. Yet their primary focus is on the techniques of containment, not on their failures. In challenging Beck’s risk society thesis, Dean suggests that there is no such thing as an incalculable risk (Dean, 1999a, p. 177). Risks are a means of defining the world in calculable terms. This is of course true by definition. Yet this focus on the capacity of risk rationalities to constitute the objects of their analysis also runs the risk of downplaying the things that exceed those efforts at definition and calculation—if only because the process of calculating and defining is always already an act of interpretation. We need to make sure that we do not fall into the trap of what O’Malley, borrowing the term from Miller and Rose, has called the peculiar optimism of governmentality discourses, in which it is assumed that risk-based management techniques are inherently more effective than previous strategies, and thus better able to contain excesses and avoid failures (Miller & Rose, 1990, p. 4; O’Malley, 1996, pp. 195-196). Because contemporary strategies to govern through risk and uncertainty are so sophisticated and effective, it is easy to be seduced by their promises of infallibility, and thus downplay the things that continually escape the efforts to constitute the world in their terms.

When analyses of risk and uncertainty do recognize the limits of these categories ability to contain and define social life, they tend to define those excesses too narrowly. Thus both risk and uncertainty literatures tend to treat uncertainty (O'Malley, 2000, 2004) or radical contingency (Dillon, 2006) as the principal categories through which we can apprehend the unknowable that exceeds efforts at calculation. These terms represent the unknown in terms of an indeterminate future. This remains an important form of indeterminacy, but it still downplays the indeterminacy of the present—and, above all, its interpretive character. Here, Marieke de Goede and Mark Salter's emphasis on the ways in which rationalities of risk depend on *imagining* a particular kind of future also point to a crucial source indeterminacy within the very practice of risk management (De Goede, 2008; Salter, 2008, p. 248). Imagination is of course inherently interpretive and is therefore always open to ambiguity.

Ambiguity

What is it that risk and uncertainty are trying to define? To represent? To control? What is it that ultimately escapes those efforts? In order to answer these questions, I will turn to the work of Michel Foucault and suggest that he provides some clues to this puzzle, pointing to a conception of the unknown that speaks to the inherently social, political and intersubjective nature of knowledge—a conception that I will argue is best captured by the idea of ambiguity.

As I suggested at the outset of this essay, ambiguity is not a term that one finds much in the study of international political and social questions. Foucault himself only uses it occasionally, and does not give it the same scope that I have done. And yet the concept captures something central to social and political life—something that is not adequately represented by those far more common terms, risk and uncertainty. Our efforts to understand and to act in the world are indeed constrained by uncertainty and risk. Yet even if we were to resolve such uncertainties through better information and more effective institutions; even if we were to develop the most sophisticated of risk-management techniques; we would still be faced with the challenge of interpreting, debating and communicating that information. The concrete manifestations of such interpretive actions are a consequence of the social nature of the human world; what we say or think about the tides is unlikely to have an effect on them; what we say about each other can lead us to change our behaviour and thus alter the very thing that we are describing. As Michel Callon and Donald McKenzie have demonstrated in the realm of political economy, ideas can therefore have a performative force (Callon, 1998; MacKenzie, 2004, 2006).

In examining the role of uncertainty and risk in the modern world, scholars have turned to Foucault's later work on governmentality. If we are to grasp the forms of indeterminacy that exceed and escape these categories, we must take a closer look not only at the specific rationalities through which modern governance is articulated, but also to the underlying epistemological and ontological assumptions that frame the way that modern thought is organized. In other words we must not only examine the specific logics of *government* but also explore the *mentalités* through which they are articulated. Foucault himself undertook this task in his great work on the evolution of the social

sciences (“sciences humaines”), *The Order of Things*, in which he traces the evolution of the modern fields of biology, linguistics and political economy and the ways that they worked to define and discipline their objects in different historical eras (Foucault, 1970). In this remarkable book, we can find a possible philosophical basis for ambiguity in Foucault’s insights into the central problem posed by *language, self-reflexivity* and *history* for modern knowledge.

One of the currents that runs through the book is the different ways in which various fields of knowledge have historically sought to contend with the problem of the limits of knowledge—the gaps, mysteries and invisibles that cut across our efforts to understand ourselves and our environment. Foucault traces the ways in which each broad era of human knowledge—Renaissance, classical and modern—has sought to define and interpret these limits.⁵ During the Renaissance, he suggests, systems of knowledge sought to identify marks that signaled the presence of invisible and intrinsic meanings that in turn pointed to the hierarchies and similitudes of the Great chain of beings (Foucault, 1970, pp. 25-30). The classical era displaced and even denied these invisibles in its effort to render the whole of existence fully representable in the form of universal laws and tables in which everything was defined and classified (Foucault, 1970, p. 206). With the advent of the modern era, Foucault suggests, “character resumes its former role as a visible sign directing us towards a buried depth; but what it indicates is not a secret text, a muffled word, or a resemblance too precious to be revealed; it is the coherent totality of an organic structure that weaves back into the unique fabric of its sovereignty both the visible and the invisible” (Foucault, 1970, p. 229).

An example from the economic realm might help to illustrate these differences. In the Renaissance, Foucault suggests, it was believed that money was able to measure value precisely because of its intrinsic value as a precious metal—a value hidden and yet essential to its function as currency. The classical analysis of wealth, on the other hand, identified the function of currency, or its exchangeability, as the source of its value; the act of minting coins, or rendering them exchangeable and capable of representing other values, is what made metals precious (Foucault, 1970, pp. 174-175). It was only with the development of the labour theory of value that a modern conception of value could evolve. Here, Foucault suggests that Adam Smith is a transitional figure, as someone who identified labour as a unit of account—a form of representation in true classical form—but who in focusing on the finitude of human labour and life as central to economic wealth also pointed to the limits of classical forms of representation (Foucault, 1970, p. 223). David Ricardo made the final step into the modern episteme by treating labour as a *source* rather than a *sign* of value (Foucault, 1970, p. 254). Moreover, as political economists like Ricardo and Marx came to focus their attention to the human individual as the source of value, they discovered a wealth of new mysteries to unravel: as the human subject re-entered the equation, so did the very modern themes of history, scarcity and finitude.

Modernity does not therefore resolve the limits of knowledge, but instead gives them new form as the density of language, the self-reflexivity of scientific investigation and the contingency of history. One of these new limits is that of *language* and representation:

“The threshold between Classicism and modernity . . . had been definitively crossed when words ceased to intersect with representations and to provide a spontaneous grid for the knowledge of things. At the beginning of the nineteenth century, they rediscovered their ancient, enigmatic density” (Foucault, 1970, p. 304).

As modern knowledge discovered that words themselves have their own history, it became haunted by a conception of language that no longer believes in the ease of perfect representation. At the same time, the social sciences were confronted with another of the new limits of modern knowledge—its inherent *self-reflexivity*: for as modern “man” himself became the new subject of analysis, he also became its principal object (Foucault, 1970, pp. 308, 310). Simultaneously subject and object, this new individual was not representable in any classical table, but slipped between the categories, demanding ever-greater efforts of analysis and investigation while always denying total comprehension.

This modern “man” is a recent invention, Foucault suggests, which brings us to the third and perhaps most significant limit on modern knowledge—the fact of *history* itself. In spite of continuous modern efforts from Marx to Francis Fukuyama to invoke the force of History, modernity is always confronted by the heterogeneity and contingency of its many histories. Modernity, Foucault suggests, discovered a historicity linked to human beings themselves; “But this historicity is immediately ambiguous” because it can only grasp human action in the multiplicity of actions, contexts and times within which that individual exists (Foucault, 1970, p. 369). Moreover, as Foucault argues in his writings on genealogy, history is characterized not only by contingency but also by conflict; as history seeks to determine the meaning of past battles, it discovers that those very battles were over meaning, thus making history itself an essentially contested enterprise, as power and knowledge mutually constitute one another (Foucault, 1983, 1984a, p. 86, 1984b, 1995). Language, self-reflexivity and history thus not only make modern knowledge possible but also define its limits. Together, these three elements of modern knowledge also underpin its ambiguity: the imperfections of modern language—its resistance to fixed meanings—make such slippages and ambiguities inevitable; the self-reflexivity of modern knowledge means that it is always somewhat subjective, making it impossible to escape the ambiguity of interpretation; the historicity of knowledge, finally, ensures that meaning is always be contingent on a multiplicity of contexts and therefore inherently ambiguous.

These are the modern limits to knowledge that the rationalities of risk and uncertainty are designed to define and manage. Risk seeks to render them calculable: escaping the obscurities of language through the transparency of numbers, treating the self-reflexivity of human understanding as one more variable to be factored in, representing history as a series of patterns upon which to base its projections. The category of uncertainty, on the other hand, remains more open to the porousness of language, understanding and history but still looks to the future as the locus of indeterminacy rather than recognizing the ambiguous historicity of the present. Although much contemporary critical scholarship on risk and uncertainty recognizes the limits of these efforts to define and manage the unknown, the idea of ambiguity gives a name to those excesses that resist such categorizations.

If we take into account all of these different forms of indeterminacy—recognizing ambiguity as well as uncertainty and risk—then we end up with a much more mutable conception of the world around us. For we foreground the extent to which many of the unknowns of this world are a product of our own efforts to understand it, to intervene in it, to debate it and to communicate about it. While such an awareness may make the task of governing indeterminacy more difficult, it also opens up new forms of agency and possibility, making visible the contingent and contested nature of social life. This may help to explain why governments prefer to frame problems like security, migration or finance in the language of risk and uncertainty—representing them as more calculable and apprehensible—and to deny their inherent ambiguity. These representations work to depoliticize the term, ignoring its social constitution and denying the power of its act of naming and defining. Risk and uncertainty thus can be understood as strategies that work to constrain more pervasive forms of ambiguity by denying and redefining them.

Governing ambiguity: two different approaches

The concept of ambiguity provides insight into the challenges of modern liberal governance techniques. Ambiguity, like uncertainty and risk, can simultaneously be an object of governance—that one seeks to contain—a strategic asset in governance—that is exploited to achieve a certain end—and a limit to governance—as that which exceeds efforts to control it. Some systems of governance may seek to control ambiguity, others to exploit it and still others to deny it altogether. In the section that follows, I will take a closer look at the techniques for managing ambiguity by focusing on two different liberal strategies for governing the international political economy: those proposed by Keynesian and neoliberal economic theory and practice.

Recently, there has been renewed interest in Keynes as a theorist with a more critical, even radical, conception of economic sociology than that recognized by his early interpreters.⁶ Among those encouraging this revisionist approach to Keynes are several of the scholars discussed above who are interested in returning attention to the central role of uncertainty in social life (O'Malley, 2000, 2004, pp. 14-15; Reddy, 1996). Reddy, for example, has argued that Keynes “held an appreciation of radical uncertainty (that is, in Knight’s sense) to be fundamental and indispensable to an understanding of the economic world” (Reddy, 1996, p. 228). While Reddy is certainly correct to identify in Keynes an insight into the indeterminacy of economic life, he is wrong to associate this with Knight’s conception of uncertainty.

Knight not only defined uncertainty as less measurable than risk, he also developed certain strategies for managing its potentially dangerous effects in the global economy. Knight did not believe that all individuals deal with uncertainty in the same way; he suggested instead that some are much better able to manage uncertainties than others. In the economic realm, it was therefore in the interests of general good that some individuals—the entrepreneurs and “professional speculators”—be charged with the responsibility of managing these uncertainties in return for a healthy profit (Knight, 1946, p. 256). An economic system organized along these lines, he continued, would in fact provide for better control of the future and increased capacity for prediction because “One of the principal gains through organized speculation is the provision of information

on business conditions, making possible more intelligent forecasting of market changes” (Knight, 1946, p. 260). If the problem posed by uncertainty was the limits of its measurement, the solution that Knight proposes was more and better information—to be provided above all by an unfettered market. The growth in the size of businesses, the development of a laissez-faire liberal market and the cultivation of a class of expert entrepreneurs and investors were Knight’s preferred solutions to the problem of uncertainty.

Keynes’ approach could not have been more different. He saw the source of economic indeterminacy not in technical terms, as a lack of information, nor individual terms, as a differential ability to manage uncertainty. Instead, he pointed to the inherently social and intersubjective nature of economic activity.⁷ In a critique of the underlying logic of the market system, Keynes compared the strategy of the professional investor to the kind of newspaper competition popular at the time in which players could only win if their selection of the six prettiest faces from a hundred photographs was closest to the average selection: “We have reached the third degree where we devote our intelligences to anticipating what average opinion expects the average opinion to be” (Keynes, 1964, p. 156). Both the enormous power of the market system and its fragility were due to its dependence on a complex intersubjective process in which value itself was produced when enough believed in it, and in which expectations, whether positive or negative, were often self-fulfilling (Keynes, 1964, pp. 316-317).⁸ Like Knight, Keynes saw economic decision-making as based on conventional rather than perfectly rational thinking; unlike Knight, Keynes saw this process as unavoidably social. The solution must also therefore be collective, rather than depending on the superior rational capacities of a few expert speculators and entrepreneurs. Keynes may have used the term “uncertainty” but what he was describing was something very different from Knight’s conception; it was a lot closer to what I have defined as ambiguity.

What then were the strategies that Keynes advocated for the management of these economic ambiguities? They were again very different from those proposed by Knight. Keynes saw the market as inherently ambiguous and potentially dangerously so. Because of the central role played by conventions and due to their self-fulfilling nature, there was no guarantee that an economy would reach equilibrium at a level that would provide for full employment. Moreover, even if full employment was by chance achieved, it would be just as easily lost as the economy moved on a wave of ever-shifting sentiment through its exuberant peaks and dangerous troughs. The solution to uncertainty and ambiguity was not therefore to rely further on the market, but rather to reign it in by subjecting it to careful governmental management. Keynes not only recognized the central role of ambiguity in the economy but sought to develop strategies for governing it: both controlling ambiguity directly by socializing investment and exploiting the intersubjective nature of the economy by actively fostering new more stable conventions and optimistic expectations (Keynes, 1964, p. Ch. 24).

As I have discussed at greater length elsewhere (Best, 2005), one of the greatest achievements of Keynes’ time, the Bretton Wood agreement, was itself thoroughly ambiguous. Rather than resolving the tensions that characterized the post-war economic order—above all between the desire to foster a liberal trading order and that of restraining speculative capital flight—IMF’s articles of agreement internalized them in the form of

ambiguous passages. Thus, for example, the term “fundamental disequilibrium,” which defined the conditions under which a state could alter its pegged exchange rate, was never fully defined. In the early days of the post-war era, such ambiguities enabled the international financial system to negotiate and adapt to rapidly changing and often unanticipated conditions. It created more room for states to pursue their own “favorite experiments,” a phrase that Keynes had coined in a much earlier article on international finance (Keynes, 1933). At the same time, the agreement explicitly provided states with the right to control capital movements, in an effort to contain what Keynes and his peers saw as an intersubjectively-driven source of global financial instability. It is therefore possible to find in the Bretton Woods regime three different governmental relations with ambiguity: a strategy of governing through ambiguity through the integration of constructive ambiguities in financial agreements and institutions; an effort to govern the ambiguities of the market by controlling speculative capital flows; and evidence of the limits to governance that ambiguity can pose, as these efforts had unintended consequences and as financial flows ultimately escaped efforts to contain them (Best, 2005; Helleiner, 1994).

By the late 1970s, the Keynesian era and the policies of social liberalism that had been associated with it had been replaced by a new and different kind of economic theory and practice: neoliberalism had begun to take hold in domestic and international economic policy.⁹ Monetarism became the dominant economic theory in the late 1970s and early 1980s, as Milton Friedman attacked Keynesian theory for its inability to respond to the stagflation crisis of the 1970s (Friedman, 1968, 1991). By the 1980s and 90s, monetarism was eclipsed by an even more radically rationalist economic theory: new classical theory, based on the rational expectations hypothesis.¹⁰ New classical theorists argued that all economic models should be based on “microfoundations”—in other words, that they must ultimately be reducible to individual rational actions. Mark Willes summed up this challenge to Keynesian theory by arguing:

Because aggregate outcomes are only the sum of individual decisions, the aggregate relationships should have no independent existence, but they do under the Keynesian approach. (Willes, 1981, pp. 89, original italics)

For new classical theorists, social aggregates have no independent, ontological standing. Individuals are the only real economic actors. Moreover, they are blessed with rational expectations—each individual having an accurate model of the economy and able to predict the likely impact of any government action.

Like monetarists, advocates of new-classical theory argue for a minimalist state. At the international level such policy prescriptions have resulted in a widespread push to liberalize domestic and international financial markets, to make central banks independent (in order to buffer monetary policy from politics), to develop equity markets where they do not yet exist or are undeveloped, and to introduce a range of market friendly policies including privatization, labour market flexibilization and tax reform. These policies were adopted first by the United States and the United Kingdom in the early 1980s, spreading through the European Union and across the western world in the later 1980s and finally taking hold in emerging and developing markets in the 1990s. International financial institutions like the IMF and World Bank played a significant role

in encouraging this trend, integrating such policies into their conditions for program lending and focusing on progress towards liberalization in their Article IV consultations (Eatwell, 1996, p. 43; Grabel, 2000; Williamson & Mahar, 1998, pp. 11-24).

These policies of economic liberalization are based on a radically individualist and rationalist vision of the economy devoid of any recognition of market ambiguities. New-classical theorists assume that economic actors act independently in the market, building their expectations of the future on the basis of all available information. Free markets, moreover, are assumed to be efficient, producing prices that accurately reflect market fundamentals. Risks—such as bad harvests and loan default—continue to exist, of course. In fact, one of the major innovations of the neoliberal era has been the move to first privatize global financial risk by shifting the burden of international lending from public to private actors, and then to securitize that risk by transferring much private credit from bank-based to equity-based forms (one of the central forces behind the securitization of sub-prime mortgages which is at the heart of the recent financial crisis). The assumption underlying this shift is that such market indeterminacies can be best managed when they are calculated and priced by an efficient market.

New classical theory also assumes that endogenous uncertainty of the kind identified by Knight has almost been entirely eliminated from the market. What remains are the uncertainties produced by political interference. Yet even governmental efforts to alter the market ultimately turn out to be counter-productive; the “policy ineffectiveness postulate” suggests that rational market agents will “correctly” anticipate the negative effects of any state effort to, for example, reduce unemployment, and factor the “inevitable” inflationary effects into their reactions, effectively canceling out governmental efforts (Sargent & Wallace, 1976). In the short run, of course, such failures will produce capital flight and economic instability; in the long run, governments should come to recognize the bind that they are in and begin to actively cultivate “credibility” by following new-classical dictates.¹¹ Margaret Thatcher’s dictum that “there is no alternative” thus takes on an entirely new force through the lens of new classical economic theory.

Different conceptions of indeterminacy enable different governance strategies. Some of the Keynesian-inspired strategies of social liberalism sought not only to govern risks and uncertainty but also to manage and even exploit intersubjective ambiguities by working on economic norms and expectations. Neoliberal strategies, on the other hand, have focused almost exclusively on risk and uncertainty, largely ignoring the interpretive and contested nature of the market economy. Yet there are limits to this kind of governance strategy. Although efforts to deny ambiguity and to frame it as uncertainty and risk might work in the short-run given the self-fulfilling nature of some forms of economic belief, such conventions are themselves mutable and contestable, and are therefore liable to change—particularly if they do not appear to be working. Ambiguities can therefore pose certain limits to global governance, as they have done in both the Asian financial crisis and in the current sub-prime crisis.

Governing ambiguity today

Neoliberal strategies of economic governance have had rather a rough time of it in the past few years. Just a decade after the Asian financial crisis of 1997-98, the international political economy is in the midst of another economic crisis—this one having originated in the proliferation of high-risk sub-prime mortgages in the United States and soon spread to contaminate financial institutions and credit markets around the world.

Perhaps the most interesting connection between these two crises is the series of steps taken after the Asian debacle precisely to avoid further financial crises like the one currently underway. If we take a look at the various responses to the Asian financial crisis, we find two very different strategies for governing indeterminacy: one strategy, directed at governments, sought to manage not just risk and uncertainty but also to govern through ambiguity; the second strategy, directed at the markets, defined indeterminacy almost exclusively in terms of risk and uncertainty, and ignored the persistence of ambiguity. Together, these two strategies can help us not only to understand some of the sources of the current credit crisis, but also to recognize the central role played by ambiguity in the governance of global finance—and the dangers of ignoring it.

During and after the Asian financial crisis, a number of critics—including some heavyweight mainstream figures like Joseph Stiglitz, Jeffrey Sachs and Paul Krugman—suggested that one of its causes was the self-fulfilling nature of market actors' overreaction to a few small weaknesses in the Asian economies—in other words, in the terms of this essay, they pointed to the problem of ambiguity (Krugman, 1999a, 1999b; Sachs, 1997; Stiglitz, 1998). Although IMF and other financial leaders did not acknowledge the truth of these criticisms, in the aftermath of the crisis and the failure of traditional neoliberal approaches, they did nonetheless begin to develop a somewhat different strategy for governing uncertainty, risk—and, arguably, ambiguity. The centrepiece of this strategy is the IMF's "new international financial architecture" is the standards and codes initiative, first introduced in a limited form after the Mexican financial crisis of 1994 and significantly expanded in the wake of the Asian crisis.¹² Although this strategy is often framed in broad, universal terms, it is primarily focused on ensuring that emerging market governments are integrated effectively and securely into the global financial system. This new joint IMF-World Bank initiative is designed to universalize a set of "best practices" in a vast array of different issues areas, ranging from the provision of standardized economic data to the adoption of generally accepted accounting practices and the introduction of measures to combat money laundering and terrorist financing (IMF & World Bank, 2003).

This is a strategy aimed primarily at influencing the actions of governments, rather than markets. IMF and World Bank staff have targeted the domestic institutions of emerging markets because they believe that it is their weaknesses, not those of the financial markets themselves, that have caused recent instabilities. At the same time, the standards and codes strategy seeks to delve much deeper into domestic economies than has been the practice in the past, restructuring institutions rather than simply changing macroeconomic policies. This strategy is therefore both more interventionist than earlier policies—as it seems to reshape developing states' institutions and not just their policies

along the lines of western “best practices”—and less explicitly coercive—as it effects these more controversial reforms through voluntary means.

This simultaneous intensification and informalization of international financial governance strategies can be understood in part as an effort to define and manage indeterminacy through the categories of risk and uncertainty. An IMF policy brief on the subject sets out the institution’s concern with these two problems:

The perceived *riskiness* of emerging markets is related in large part to the weakness of legal and institutional frameworks in developing countries; *uncertainties* about how these frameworks can be expected to function; and concerns that these systems can be manipulated to the detriment of foreign investors. For developing countries to be more fully integrated into the global financial and economic system, ways must be found to reduce the *risk* and *uncertainty*, and to assure investors that their investments in these countries are as they seem (IMF, 2001).

One of the major lessons drawn by IMF leaders in the aftermath of the Asian financial crisis was that even relatively minor players can have a massive destabilizing effect on the global economy once a crisis hits them. In the aftermath of these crises, IMF Managing Director Michel Camdessus emphasized the importance of smaller states taking responsibility for their own economic health as a means of preserving the collective good of a stable global economy (IMF, 1997). The standards and codes initiative is an essential tool in this broader effort to shift some of the burden of risk management onto less affluent states in a global economic environment that is increasingly being perceived as a kind of world risk society, and in doing so to reduce the uncertainties facing market actors.

These analyses do not tell the whole story, however. For alongside these tactics for managing uncertainty and risk we can also find new techniques focused on ambiguity itself. These new standards and codes are intended not simply to provide information to the market, in order to reduce uncertainty, but also to actively manage government and market expectations, by encouraging them to converge around published data on states’ compliance with the standards. If private sector actors begin to take this data seriously—and it is not entirely clear that they have done so yet—the publication of this information should have a partly performative effect on the market, as investors move into economies that score well and pull out of those that do not, creating a positive feedback loop.¹³ These standards thus seek to manage one of the ambiguities that characterized the Asian financial crisis—the self-fulfilling character of investor conventions and expectations—by working to define global economic norms and to coordinate market expectations.

Such efforts to foster stable global economic norms will only work effectively, however, if they are integrated at the domestic level. These standards therefore encourage government and firm actors to internalize western ideas of good economic practice. IMF leaders and senior staff have in fact been remarkably self-reflexive about the importance of persuasion as a more effective strategy than coercion for ensuring the adoption of the standards.¹⁴ In their efforts to encourage adoption of their post-crisis policy reforms, Fund leaders used explicitly normative language to characterize their initiatives, arguing that such measures would help to “civilize globalization” and to create a “rule-governed international order” that would ensure greater “fairness” to state and

market actors—rather odd language for a purportedly neutral and technical institution, but potentially effective in working on key actors’ perceptions of what is at stake (Camdessus, 1999). The standards initiative manages the intersubjective nature of the market economy by working to shape the way that investors and governmental officials perceive the economy.

Yet this is only half of the story of the aftermath of the Asian financial crisis. At the very same time as international financial leaders sought to reform developing country institutions through a strategy that recognized some of the ambiguities of global finance, they entirely ignored one growing and potentially dangerous source of ambiguity: the market itself. Because they assumed that the markets were the source of transparency rather than ambiguity, financial leaders focused only on the best ways of managing risk and uncertainty, paying little attention to the intersubjective character of the process of securitization¹⁵ which enabled the creation of the various kinds of structured investment vehicles and asset-backed securities which are now at the centre of the current sub-prime crisis.

Even in the aftermath of the Asian financial crisis, the IMF and other IFIs like the World Bank have actively supported the trend towards securitization that has underpinned the recent sub-prime mortgage crisis (World Bank, 2004; Lipsky, 2007). These institutions saw securitization as one further step in deepening and broadening the scope of financial markets, which could only make them more efficient. Yet central to this drive to securitize was the assumption that markets were only subject to risk and uncertainty—not to ambiguity—and that such risks were manageable. The process of securitization hinges on the ability of market actors such as ratings agencies (like Standard and Poor’s) to accurately assess the risk of various kinds of securities. In the case of mortgage-based securities, those risks are in turn based on an assessment of the risk of individual borrowers’ defaulting on their loans. As Paul Langley has argued, the models used to determine this kind of risk fundamentally overestimate the calculability of certain kinds of problems. They do so by focusing entirely on individual actors and ignoring the social effects of widespread defaults: the way in which several householders’ defaults can actually make others more likely to follow suit, because the forced sale of some homes drags down the value of others, making it difficult for anyone to refinance (Langley, 2008, Ch. 7); such forms of risk calculation thus miss the inescapably social and interpretive character of market booms and busts.

Those actors like the IMF who have encouraged the relentless move to securitize also miss the intersubjective and hence ambiguous nature of the process. During the recent run-up in housing prices in the US, for example, both former Federal Reserve Chairman, Alan Greenspan, and his successor, Ben Bernanke, argued that there was no nation-wide bubble in housing prices but rather a few local, mostly fundamentals-driven examples of “froth” (Henderson, 2005). Yet, it is now clear that such a bubble was in fact growing and has since collapsed, with national housing indexes slipping by 8.9% in 2007, the largest decline in the history of the index (Henderson, 2005). Why did this occur? Precisely because the rise in housing prices and the growth in sub-prime mortgages that it enabled were fuelled not by fundamentals but by a collective belief that prices were going to continue to rise. The growing fragility of sub-prime mortgages and the many complex security products that they had enabled was ignored for the same reason: investors, rating

agencies and regulators simply believed that the market was sustainable. As Keynes himself argued, misplaced faith and over-optimism are a common feature of capitalist economies, because of their intersubjective and often self-fulfilling character. Yet such market ambiguities were consistently ignored by those responsible for international and domestic financial governance.

In so far as international institutions and actors like the IMF, the Financial Stability Forum (FSF) and the Bank for International Settlements (BIS) did turn their attention to the regulation of financial markets after the Asian financial crisis, they emphasized the importance of private self-governance rather than formal public regulation. The BIS's Basel II banking standards are among the clearest examples of this tendency, as the new proposed standards rely on large banks' own capacities to model and manage their own risk (S&P, 2008, pp. 48-112). Yet, as several analysts have argued, the Basel II standards rely on the very risk-management models that Banks have found significantly underestimated the risk of the mortgage-backed investments that they are now having to write-down as bad debts (Benink & Kaufman, 2008; BIS, 2004). Thus while the IFIs seem to have rediscovered their ability to govern through ambiguity in their efforts to manage emerging governments' role in the global economy, they have continued to assume that risk and uncertainty are the only problem facing the markets themselves. Yet, as I suggested at the outset of this paper, however carefully one seeks to govern ambiguity, ambiguity itself can also act as an effective limit to global governance—which is precisely what appears to have happened as excessive market euphoria and the limits of risk-based models of financial governance have translated into a global financial crisis of considerable magnitude.

Conclusion

If the financial realm—dominated by the confident certainties of mathematics and economics—is in fact inherently ambiguous, then what spaces of human existence are free from ambiguity? This essay has sought to argue that our efforts to act individually and collectively in this world are complicated by several different kinds unknowns—not only by those we label as risks and uncertainties, but also by those that I am calling ambiguities. The concept of ambiguity is a useful one. It enables us to identify those forms of indeterminacy that can neither be responded to through calculation, like risk, nor addressed through the provision of better information or individual intuition, like uncertainty. It emphasizes the indeterminacy not only of the future but also of our understanding of the past and our engagement with the present. It reminds us of the inherently social and contestable nature of modern knowledge—characteristics that not only explain its enormous richness and sophistication but which also point towards its necessary limits. Because we are simultaneously the subject and object of our own efforts to understand the human world; because our truths have their own histories and are therefore fragile and contestable; because we can only apprehend the world through our own representations; our knowledge of ourselves will always be ambiguous.

This essay has demonstrated that this insight is not merely of intellectual interest but also of considerable practical significance. The ambiguous nature of the social world poses important challenges and possibilities for those who seek to govern it. If we are to

understand the strategies through which past and present individuals, institutions and governments have sought to manage social, political and economic life, then we must attend to their efforts to govern ambiguity. My brief genealogy of the evolution of post-war economic theory and practices points to the changing logic of such strategies, and suggests that one of the distinguishing features of post-war economic governance was its recognition, however partial, of the social character of economic ambiguity. Neoliberal theory and practice, in contrast, has been resolutely individualist, not only in its methodology but also in its ontological assumptions about the nature of economic indeterminacy. In this neoliberal context, risk and uncertainty have provided powerful but ultimately flawed tools for defining the unknown and for responding to it.

If the Asian financial crisis proved to be enough of a shock to the IMF, World Bank and other such institutions to change the way that they govern developing states' role in the global economy then it will be interesting to learn the ultimate lessons drawn from the current credit crunch. Will financial and government leaders recognize that the market is not just subject to risks and uncertainty but that it is also profoundly ambiguous—a social artifice shaped by interpretation and sentiment as much as rationality and calculation?¹⁶ Or will they continue resolutely to pack the messy sociability of the global market into the tidy conceptual boxes of risk and uncertainty in the hopes that they will thereby tame its ambiguities? Given what is at stake in admitting the role of interpretation in economic behaviour—no less than the very foundation of mainstream economic theory—the strategy of denial seems more likely. Whatever the outcome, as scholars, our challenge should be clear: if we are to develop an adequate conception of the changing strategies of global governance, we should not only consider the problems of risk and uncertainty, but also pay more attention the ambiguous character of social life and of our efforts to comprehend it.

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¹ (Best, 2005) In my earlier work, I engaged primarily with mainstream international relations and international political economic schools of thought, revealing how they simultaneously presuppose and proscribe the role of ambiguity in their analysis. What I want to do here is to engage directly with contemporary critical social and political economic thought by examining the potential contributions of the concept of ambiguity to the growing risk-society and governmentality literature in IR. It is also worth noting that I am using a somewhat different categorization of ambiguity here than I do in the book, where I define uncertainty and risk as forms of “technical ambiguity” that I contrast with intersubjective and contested forms of ambiguity. Here I am essentially conflating these last two forms of ambiguity and am contrasting

them with risk and uncertainty. The basic arguments regarding the intersubjective and contested nature of ambiguity, however, remain unchanged.

- ² The principal published texts within which Foucault elaborates the related concepts of governmentality, biopolitics and security are: (Foucault, 1978, 1981, 1991, 1997, 2004a, 2004b)
- ³ What follows is a very brief overview of the essential elements of Foucault's concept of governmentality. I provide a fuller account of the concept and its applicability to the study of global governance in: (Best, 2007).
- ⁴ Although not all critical authors using the concept of uncertainty refer explicitly to Knight, many do rely on either Pat O'Malley's (O'Malley, 2004) or Sanjay Reddy's definition of the term (Reddy, 1996) or on Mark Blyth's constructivist use of Knightian uncertainty (Blyth, 2002), and thus rely implicitly on Knight's definition.
- ⁵ It is worth noting that Foucault uses the term "classical" to refer broadly to the Enlightenment and "modern" to refer to an era that begins roughly in the nineteenth century.
- ⁶ See, for example: (Best, 2003, 2005; Eatwell & Taylor, 2000; Meltzer, 1981; Skidelsky, 2001; Torr, 1988; Widmaier, 2003)
- ⁷ For more extensive discussions of the intersubjective nature of Keynes' conception of the economy, see: (Best, 2005, p. Ch. 3; Best & Widmaier, 2006)
- ⁸ Keynes was thus one of the earliest of theorists of what later cultural economists have come to call the performativity of economic ideas and beliefs—their ability to constitute the very world that they seek to describe. (Callon, 1998; MacKenzie, Muniesa, & Siu, 2007)
- ⁹ For the sake of brevity, I am passing over an important interim period: the era of the neoclassical synthesis that reinterpreted Keynesian theory in significant ways and was very influential in the 1960s, (Best, 2005: Ch. 5).
- ¹⁰ See, for example: (Kydland & Prescott, 1977; Lucas Jr., 1972; Muth, 1961; Phelps, 1967; Sargent & Wallace, 1975)
- ¹¹ Any apparent similarity to real events, such the British Labour government's economic policy, is entirely intentional. On the self-fulfilling logic of the UK's rationalist assumptions, see: (Hay, 2004a, 2004b)
- ¹² One could develop a similar analysis of the changing governance tactics implicit in some of the other recent policy changes at the IMF, including its new emphasis on good governance, revisions to its conditionality guidelines and emphasis on country ownership. For the sake of brevity, I will concentrate only on the standards and codes initiative here, in large measure because it is the policy most centrally concerned with global financial stability.
- ¹³ Interestingly enough, the Fund's own recent review of the standards and codes initiative suggests that financial market actors are paying much less attention to

states' advertised compliance with the codes than the institution had hoped, which points to the limits of a strategy of transparency in the face of market actors unwilling or unable to process all available information (IMF & Bank, 2005).

- ¹⁴ Thus Rato compares the IMF to the struggles of the US Administration in seeking to build support for its foreign policies arguing: “even the U.S. President needs to persuade others if he is to exercise power effectively. In the same way, the influence of the Fund in the world comes almost entirely from its ability to persuade its members that they should follow its advice —advice which is based on the consensus of the membership.” (de Rato, 2003) See also: (Köhler, 2001; Krueger, 2004)
- ¹⁵ Securitization is a process whereby a wide range of assets are transferred into tradeable securities, so that individual investors, pension funds, banks and hedge funds can all invest in assets such as a homeowner's mortgage, benefiting in the stream of income generated by interest payments.
- ¹⁶ Or rather where rationality and calculation are a particular kind of interpretive and affective act.

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