

Security, Economy, Population: The Political Economic Logic of Liberal Exceptionalism¹

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Abstract

In an era in which scholars have become increasingly skeptical about the concept of exceptionalism, this article argues that instead of rejecting it, we should rework it: moving beyond seeing it primarily as a security practice by recognizing the crucial role of political economic exceptionalism. Drawing on Foucault's later lectures on security, population and biopolitics, this article suggests that we can understand exceptionalist moves in both security and economic contexts as efforts to manage and secure a population. Focusing on three key moments in the production of exceptional politics—defining the limit of normal politics, suspending the norm, and putting the exception into practice—I examine the parallels, intersections and tensions between political economic and security exceptionalism, using this framework to make sense of the 2008 global financial crisis. Taking seriously Foucault's insights into the political economic character of liberal government holds out the promise of providing scholars in both the fields of critical security studies and cultural political economy with a richer understanding of the complex dynamics of exceptionalist politics—a promise that is particularly valuable at the present political juncture.

Keywords: exceptionalism; securitization; international political economy; emergency; global financial crisis; critical security studies

These are interesting times for scholars of exceptionalism. Just a few months ago, before the recent wave of right-wing election results, it seemed that we were living in a post-exceptionalist moment: a decade and a half after 9-11, many scholars and

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commentators had become increasingly uncomfortable with the category of exceptionalism. In recent years, there have been powerful indictments of the political dangers involved in invoking the kind of formalist and decisionist theories of exceptionalism linked to Carl Schmitt and Giorgio Agamben (Walker 2006; Bigo 2007; Huysmans 2008). At the same time, there is a growing literature that looks away from exceptionalism and towards the governance of emergency as an alternative analytic framework (Lazar, 2006; Adey, Anderson et al., 2015). Yet, even before the recent rise of the extreme right in the United States and across Europe, there was already considerable evidence of the continued relevance of exceptionalism as a conceptual category, most notably in the context of the 2008 global financial crisis. This article argues that before we give up on exceptionalism, we should consider the possibilities of reworking the concept, by moving beyond seeing it narrowly as a security practice and recognizing the crucial role of political economic exceptionalism.²

When western governments responded to the escalating financial crisis in 2008 and its long aftermath, they did so in exceptionalist terms.³ American President George W. Bush appealed to the “extraordinary” threat of global and national financial meltdown in order to justify the suspension of free market norms and the centralization of authority in the

² As I hope my later discussion of political economic exceptionalism makes clear, while I might sometimes use the phrase “economy” or “economic,” I always see these as necessarily social and political artefacts. As many scholars, including Foucault, Callon, and many others have pointed out in their different ways, although the economy as a term has come to describe a particular set of practices related to production, finance, trade, etc, it is also a particular form of knowledge and mode of rationality that not only treats these particular practices as “economic” but that also defines a style of liberal governance that can be directed towards a multitude of different objects and concerns (Callon, 1998; Çalışkan and Callon, 2009; Foucault, 2004).

³ I am focusing here on the use of exceptionalist policies by western, industrialized states in order to examine the role of economic exceptionalism in liberal democratic polities. There is also, of course, a rich literature on the recurrence of exceptionalism in developing economies, particularly in the context of western-driven development. See, for example: (Ong, 2006; Best, 2007; Duffield, 2007; Nguyen, 2009).

executive in response (Bush, 2008). In Canada, Finance Minister Jim Flaherty (2009, 2010) cited the ongoing “emergency” as the reason for “extraordinary [stimulus] measures” to protect the Canadian economy, while the British Chancellor of the Exchequer George Osborne invoked the dire threat of the loss of economic sovereignty (as had occurred in Greece) in order to justify an “emergency budget” of austerity measures (Osborne, 2010).

In each of these countries, we can see a similar logic at work: emergency actions were defined as responses to the imminent threat of an economic meltdown, which transformed their unusual policy reactions from a political choice into an economic necessity. This necessity became the justification for treating the issue as an exceptional problem that needed to be removed from the usual political process, suspending certain economic and democratic norms. In effect, key institutional actors sought to treat the issue as exceptional in order to take it out of the realm of normal politics, similar to the kind of “securitization” that we see in the security arena.

To make sense of such exceptionalist economic policies and the politics that makes them possible, we can gain much by both building on and complicating the insights of international relations scholars, particularly those in critical security studies. If, instead of treating exceptionalist practices as a particular security move as Barry Buzan famously suggested (Buzan et al., 1998: 23), we rethink them as a set of strategies deployed by liberal democracies to manage the tensions that they face in governing their populations, we can understand how they take both security and political economic forms. Modern liberal democracies seek to reconcile the aspirations of universal, rights-bearing individuals with the fact that any given demos takes a particular form and must therefore

draw a line between inside and out (Walker, 1993; Mouffe, 1999; Walker, 2010: 119).

The critical security literature has examined how these dynamics play out at key moments in the tension between claims of state security and those of liberal political rights, particularly in times of war.⁴

Yet liberal societies are based on economic as well as political rights: the right to property, and the protection of a private sphere that includes a free market economy, are both foundational and produce their own tensions in a liberal democratic polity. Drawing on the later lectures of Michel Foucault, this article suggests that political economic exceptionalism resides in the articulation of a different kind of limit, linked to the tensions between a free market economy and the political stability needed for a democratic polity: today we can find such exceptionalism in the moments of crisis when political and financial leaders suspend normal politics in order to manage the destructiveness of a radically liberalized economy. Both security and political economic exceptionalism can be understood as efforts to safeguard the population from the dangers produced through their own and one another's practices. If, as Judith Butler argues (2006: 55-56), sovereignty must take a different, more tactical form in the context of liberal governmentality, this article provides new insights into the particularly economic character of these dynamics.

In exploring the political economic dynamics of liberal exceptionalism, this article seeks to bring critical security and cultural political economy scholars into conversation with one another. Cultural political economy is a useful way of describing a broad church

⁴ The tension between inside and outside also manifests itself in the everyday exceptionalist practices of distinguishing between those people who belong inside or outside the boundaries of citizenship. I do not have space in this article to do justice to this second form of exceptionalism, but have written another paper that explores these dynamics in both security and economic cases: (Best, 2016).

of political economic scholarship that has grown in significance over the past couple of decades (Best and Paterson, 2010: Ch. 1). Cultural political economists pay particular attention to the social and cultural logics of economic theory and practice, whether by emphasizing the discursive construction of major economic events (Hall, 2003; Hay, 1996; Samman, 2015), demonstrating the performative power of economic theory (MacKenzie, 2006; Mitchell, 2007), exploring the cultural constitution of economic subjects (Aitken, 2007; Langley, 2007), or examining the ways in which the global economy is reproduced through mundane technical practices (Best, 2014: Ch. 2; Callon, 1998) and embedded in everyday life (Hobson and Seabrooke, 2008).⁵ Although a few scholars connected to this tradition have made explicit connections with critical security studies insights—Marieke de Goede and Louise Amoore (2008, 2010) being important pioneers in both fields of study—there is still much work to be done to think through the relationship between economic and security politics. One particularly powerful way of doing so, I argue here, is by revisiting the concept of exceptionalism.

On the one hand, as I will elaborate below, a number of security scholars have advanced our thinking on exceptionalism in a way that opens up the possibility for thinking about its political economic dynamics, but without taking the next step and examining economic exceptionalism. On the other hand, recent scholarship by cultural economy scholars like Paul Langley (2015), James Brassett, Nick Vaughan-Williams (2012), and Will Davies (2013) has examined the role of economic exceptionalism in the last few years, but without explicitly making the link back to security studies and asking

⁵ I focus here on the cultural constitution of emergency exceptionalism, focusing primarily on major institutional practices; I discuss “everyday” forms of political and economic exceptionalism in a related paper: (Best, 2016).

what implications their insights might have for wider conceptualizations of liberal exceptionalism. The remainder of this article seeks to bring these two literatures into conversation with the goal of starting to bridge the gap between critical security studies and cultural political economy.

I begin by examining the insights of the security studies literature into three key moments in exceptionalist politics—tracing the different contributions of the Copenhagen School’s emphasis on the act of *defining the limit* of normal politics, more Agambenian and Schmittian analysts’ focus on the *suspension of the norm*, and sociologically-inspired scholars’ important attention to the *practices* and routines through which exceptional politics are *put into place*. I then go on to suggest that, in spite of these considerable insights, each of these literatures has neglected to take the central role of economic exceptionalism seriously. In order to address this silence, I first provide a very brief survey of the history of economic exceptionalism and draw on Foucault’s later lectures, *Security, Territory and Population* (2007) and *The Birth of Biopolitics* (2004), in order to understand the central place of political economic thinking and practice in the evolution of modern liberal government. Examining the same three moments discussed earlier, I go on to explore the parallels, differences and intersections between political economic and security exceptionalism. In order to provide a brief illustration of this theoretical framework in practice, I then analyze the recent emergency response to the financial crisis, focusing on the American decisions in September of 2008 to bail out the insurance giant, American International Group (AIG) and to push bail-out legislation through Congress. I conclude by reflecting on the particular importance of these insights in the

present moment, when the potential for all kinds of exceptionalist politics seems all the more likely.

The insights of security exceptionalism

The past few decades have produced a rich and varied literature on security exceptionalism that provides enormously useful insights for understanding its dynamics in contemporary politics. Before focusing on political economic exceptionalism directly, I will therefore begin by examining these insights from the literatures in political theory and international relations, focusing in particular on their contributions to thinking through three key moments in the production of exceptional politics: *defining the limit* of normal politics, *suspending the norm* (or the law), and *putting the exception into practice*. These are the same key moments that I will later use as the basis of a framework for analyzing political economic exceptionalism.

One of the most powerful insights of scholars of security exceptionalism has been to point to the constitutive role of certain crucial *limits* in modern states—limits that are sometimes negotiated through exceptionalist politics. R B J Walker (1993, 2010) has most powerfully articulated these limits in his analysis of the tension between inside and outside in the modern state system: although liberal states in particular are based on universal claims about human rights and freedoms, these must also be reconciled with a global political system made up of particular states and allegiances.⁶ These tensions in turn produce several crucial limits in modern political theory and practice: substantive limits distinguishing citizens from non-citizens, spatial limits differentiating thicker

⁶ This tension is also taken up as a central problematic in the work of more optimistic scholars including Andrew Linklater and Chantal Mouffe: (Linklater, 1990; Mouffe, 1999).

internal politics from thinner external relations, and—most potently—temporal limits separating peace from war. No doubt because it has historically provoked the most visible and violent recourse to exceptionalism, it is this third, temporal, set of limits separating times of normal, peaceful politics from times of war that has been the subject of the most robust analysis in international relations and political theory—and that will serve as the focus of this article.

As both classical and modern political thinkers have pointed out, even the most virtuous of polities faces a particular dilemma: a peaceful liberal or republican state can provide important support for human flourishing and freedom; yet peace is never guaranteed in a world in which states clash with one another.⁷ The possibility of war also poses a particular challenge for states whose decisions are made by deliberation: the speed needed to respond to a security emergency is not often consistent with the pace of deliberative politics (Ferejohn and Pasquino, 2004; Glezos, 2011). Hence, in both classical and contemporary liberal polities, rulers have had recourse to exceptional practices in times of war, from the six-month long dictator who would briefly rule Roman republics to the contemporary invocation of various exceptional security powers, laws and practices.⁸

Yet how do we know when a threat is serious enough to warrant exceptional politics, and who makes this crucial determination? Although there are a multitude of possible

⁷ Variations on this theme can be found in the writings of Machiavelli, Hobbes, Rousseau, Kant and Locke, to name just a few, although of course their suggested solutions to this dilemma differ greatly.

⁸ Although, as Nomi Lazar points out, the actual practice of Roman dictatorship suggests more continuity than rupture in the movement from normal politics to the governing of emergencies (Lazar, 2009).

answers to this question,⁹ the most famous of them was made by political theorist and Nazi jurist, Carl Schmitt, who argued, “the sovereign is he who decides the exception” (Schmitt, 1985). In doing so, Schmitt underlined the political importance of the decision as to where one draws the line between the norm and the exception. Although Schmitt himself saw this as a singular, formal power concentrated in the hands of the sovereign, one does not have to accept this monolithic vision (or its glorification) to recognize the importance of the act of defining the limit of normal times, and thus normal politics.

In the field of International Relations, Buzan, Waever, and their collaborators in the Copenhagen School were among the first scholars to identify this kind of exceptionalism as a central (if largely implicit) dynamic of security. As Michael Williams has pointed out, the concept of securitization is both constructivist and Schmittian in character (Williams, 2003). Its constructivism is evident in the claim that security is a particularly power form of speech act:

“Security” is the move that takes politics beyond the established rules of the game and frames the issue either as a special kind of politics or as above politics (Buzan, Waever et al., 1998: 23).

That same passage, however, also contains echoes of Carl Schmitt’s decisionism in its reference to the possibility of elites suspending the rules of the game through a single, powerful declaration that a state of emergency—a state of exception—is in effect. To make such a declaration, Buzan et al suggest, its author must be able to point to an existential threat that effectively challenges the survival of the state or other referent object (Buzan, Waever et al., 1998: 21). That threat, moreover, takes a very particular form, as an expression of the fundamental tension between amity and enmity (Buzan,

⁹ Nomi Lazar, for example, differentiates between “republican” exceptionalism, put forward by Rousseau and Machiavelli and “decisionist” exceptionalism, advocated by Schmitt and Hobbes, who grant the sovereign full responsibility and power to make that crucial decision (Lazar, 2006).

Waeber et al., 1998: 19). This characterization of security threats echoes Schmitt's claim that politics is fundamentally about the friend-enemy distinction—a definition that enables and justifies the sovereign's invocation of a state of exception when those enemies become too much of a threat (Schmitt, 2007).

The declaration of a state of exception is only the first step, however: for exceptionalist politics to exist, key norms or laws must also be *suspended*. The securitization literature provides some useful clues to what this involves, pointing to the tendency of security issues to be separated out of the normal political process, often centralized in the executive and insulated from the vagaries of democratic debate. Another, Agambenian, strand of exceptionalist scholarship makes even stronger claims about radical nature of the suspension of normal politics in such moments. By bringing Foucault's biopolitics into conversation with Schmitt's exceptionalism, Giorgio Agamben suggests that the state of exception is not defined by a mere suspension of the law, but rather by its radical absence, as individuals are stripped of their legal rights and identity and reduced to bare physical existence (Agamben, 1998). Drawing on this analysis, a number of IR scholars point to the growing number of security practices, particularly post-9/11, which seem to affirm Agamben's claim that the exception has become the rule in modern society. Refugee camps, airport security zones, Guantanamo's Camp X-ray: in their different ways, all of these can be seen as examples of the state of exception—a space radically separated from law, demarcated by an absolute limit, where both human existence and resistance are reduced to the bare life of the body (Edkins, 2000; Behnke, 2004; Edkins and Pin-Fat, 2004; Odysseos and Petito, 2007).

Although this broad and varied exceptionalist turn in IR has proven to be analytically fruitful, as a number of IR scholars have pointed out, many of the subtleties in the form and content of modern liberal exceptionalism get overlooked when relying too heavily on either the securitization literature's focus on the moment of declaration, or on Agamben's claim that the exception has become the rule. By focusing on sovereign moments of decision between the rule and the exception, these scholars run the risk of falling into what Jef Huysmans calls the "jargon of exceptionalism," missing both the ongoing social production of exceptionalist practices and potential sources of resistance (Huysmans, 2008). In fact, as Andrew Neal points out, in many cases the suspension of political rights is often done by legislatures—through law itself rather than through its radical suspension (Neal, 2012). The implementation of security exceptions, moreover, relies on a multitude of "little security nothings," as Huysmans aptly puts it—that are embedded in everyday bureaucratic devices and practices (Huysmans, 2011).¹⁰

Huysmans and Neal are among a number of more sociologically-inspired scholars who have begun to place more emphasis on the mundane mechanisms through which *the exception is put into practice*.¹¹ Walker reminds us that although modern sovereignty is expressed in part through the act of defining the limit of normal politics, the line between the norm and the exception can be a very thick one, made up of a whole host of processes, practices and negotiations (Walker, 2010: 32, 52). For example, rather than seeing Guantanamo as a space radically separated from law, Fleur Johns points to the ways in

¹⁰ On the social dynamics of security objects, see also: (Aradau, 2010; Salter, 2015).

¹¹ Although some of the scholars working in this tradition have sought to *replace* a focus on exceptionalism with an emphasis on the bureaucratic practices through which security emergencies are managed (or, to use Bourbeau's terms, to replace a logic of exception with a logic of routine), I prefer to see this sociological approach as a significant revision to rather than a replacement for exceptionalist analysis (Bourbeau, 2014).

which Guantanamo remains connected and enmeshed in administrative rules and procedures (Johns, 2005). Didier Bigo similarly suggests that refugee camps are not apart from the law, but are instead among the most bureaucratically over-managed of contemporary political spaces (Bigo, 2007), while de Goede and Amoore, drawing on Judith Butler's work, point to the growing role of "petty sovereigns" (immigration officials at the border, for example) in administering exceptional policies (Amoore and De Goede, 2008).

The limits of security exceptionalism

In spite of their considerable insights into these three crucial moments, these critical security studies literatures ultimately fall short of recognizing the central place of political economic exceptionalism. Perhaps because of the historical accident of their primary empirical subjects—the unwinding of the Cold War, the rising anti-immigrant sentiment in Europe, and the global response to 9/11—IR theorists focusing on exceptionalism have tended to downplay its political economic dimensions. This is not to suggest that these scholars have nothing at all to say about political economic questions—but rather that they tend to treat them as secondary or derivative of the "real" problem of security, rather than recognizing their distinct and significant role.

Of the various approaches to security exceptionalism, the one that has been most explicit in engaging its economic dimensions is in fact one of the oldest—the Copenhagen School. Although it has received little academic attention, Buzan, Waver and Wilde dedicated an entire chapter of their 1998 book to the "economic sector" of security. In spite of some prescient insights into the tensions of a highly liberalized global economic order, they ultimately treat exceptionalist moves as a kind of economic

nationalism in which state security concerns play out in the economy (Buzan, Waever et al. 1998: 115). In doing so, they make it more difficult to see how highly liberal, often anti-nationalist, forms of political economic policy—like the forms of financial liberalization that were so central to the 2008 financial crisis—might also produce exceptionalist practices. Ironically, even as they recognize the political contradictions inherent in liberal economics’ “apparent pristine quality” (Buzan, Waever et al., 1998: 117), because Buzan and his co-authors want to see those politics through the twin lenses of security and the friend-enemy distinction, they do not have the tools needed to understand the exceptionalism involved in efforts to maintain and manage the instabilities of a liberal political economy.

The more recent Agambenian literature on security exceptionalism also provides some interesting insights into recent events in global finance.¹² As we have seen in the context of the recent relationship between the Troika and Greece, the very practice of conditionality, which seeks to suspend the norms of political sovereignty—often with considerable human costs—in order to re-establish a more normal, economically sound form, points to the complex and often violent form that exceptionalism takes in global political economic relations, creating a range of spaces in which the exception becomes the rule. Brassett and Vaughan-Williams have also argued that by framing the global financial crisis as a traumatic event, political leaders both declared and enacted a “permanent state of emergency” in financial markets—a phrase that also serves as the central argument of an article by Slavoj Žižek (Brassett and Vaughan-Williams, 2012: 33;

¹² I have written elsewhere of the usefulness of Agamben’s work—when combined with a very healthy dose of Foucault’s subtler analytics—in analyzing the international financial institutions’ power in imposing standards of normal economic practice around the world (Best, 2007). See also: (Falaise, 2014; Ong, 2006).

Zizek, 2010). Yet, if we want to move beyond such extreme manifestations of exceptionalism and consider its subtler forms in liberal political economy, we also need to pay more attention to its social production.

It is here that the more recent sociologically-inflected work in critical security studies discussed above has much to contribute, through its insights into the particular forms that exceptionalism takes in modern liberal societies—rationalized, bureaucratic, sometimes legislative, often troubling. Yet even as these security studies scholars point to the dangerous implications of viewing all politics through the framework of the friend-enemy distinction (Neal, 2006; Huysmans, 2008; 2011), they have tended to retain a relatively narrow conception of security exceptionalism. This is particularly surprising given that many draw heavily on the work of Michel Foucault and Pierre Bourdieu, both of whom wrote extensively about the political economic character of liberal government and its dispositifs, as I will argue further below. For example, while Huysmans (2008: 178) notes that, for Michel Foucault, liberalism as a mode of governing has always been intimately connected to the invention and extension of political economic thought and policy, he does not take the next step and consider what this might mean for sociological conceptions of security. Even those political economy scholars, like Langley (2015) and Davies (2013), who have taken more seriously the economic implications of Foucault's work, have tended to overlook the implications of these insights for existing approaches to security exceptionalism.

From security to political economic exceptionalism

The relative silence of much international relations scholarship on the question of economic exceptionalism is particularly striking when one examines the history of

exceptionalist politics. As it turns out, economic rather than security crises made up a surprisingly large proportion of the early justifications for using martial law in the United States, including widespread efforts to put down strikes in the late nineteenth and early twentieth century, when they “threatened the public safety or functions for which the Federal Government was responsible” (US Senate, 1974: 40). By the 1930s, in the context of the Great Depression, Franklin Roosevelt noted in his inaugural address that while he would first seek Congressional support for his proposed measures to battle the economic crisis:

In the event that the Congress shall fail to take one of these two courses, and in the event that the national emergency is still critical, I shall not evade the clear course of duty that will then confront me. I shall ask the Congress for the one remaining instrument to meet the crisis -- *broad Executive power to wage a war against the emergency, as great as the power that would be given to me if we were in fact invaded by a foreign foe* (Roosevelt, 1933: 8 Emphasis added).

As William Scheuerman notes, such economic uses of emergency powers were also common in the United Kingdom, where the British Emergency Powers Act of 1920 explicitly established a legal basis for using emergency powers to meet economic ends (Scheuerman, 2000: 7); he also notes that such emergency powers became commonplace in the 1990s, in economies that were “transitioning” to democracy and free markets in Latin America and Eastern Europe (Scheuerman, 2000; see also: Neocleous, 2006).¹³ In order to make sense of this recurrent recourse to emergency powers in the face of economic crises, we must look beyond a narrow conception of securitization in order to

¹³ Of course, this alternative economic history of exceptionalism has received some scholarly attention, largely from academics who treat it as evidence of the liberal state’s interest in waging a different kind of war: a class war (Panitch and Swartz, 2003; Neocleous, 2006). Yet, in spite of its insights, this scholarship tends to fall into the same kind of trap that Huysmans has identified in much of the exceptionalist security studies literature: by treating the exception as the rule and invoking a logic of “permanent economic emergency” (to borrow the title of an article by Slavoj Žižek [2010]), we are left with another formalist reading of modern politics that ignores the tedious, ongoing work that is required to produce those practices.

see how economic as well as security tensions operate at the heart of liberal politics, generating their own possibilities and tensions.

Although those critical security scholars who draw on Foucault are generally aware of the very particular meaning of “security” in his work, they tend to overlook the broader implications of the centrality of political economic knowledge. When Foucault uses the term “security” in his lectures on *Security, Terrority and Population*, he is using it in a sense that is both much broader and more specific than conventional conceptions of security. Broader, because it is a logic of governance concerned with “the security of the population” rather than “the safety of the prince” (Foucault, 2007: 93). More specific, because it is a very particular kind of governance tactic that emerges with “the transition in the eighteenth century from a regime dominated by structures of sovereignty to a regime dominated by techniques of government, [which] revolves around population, and consequently around the birth of political economy” (Foucault, 2007:142). As the territorial logic of mercantilism gave way to the statistical logic of political economy, the state’s preoccupation with maximizing the quantity of gold and citizens gave way to a whole range of strategies designed to manage the circulation and health of people, goods and money (Foucault, 2007: 98). Thus, “security” and “political economy” became linked in a very particular way, as this new form of power emerged “that has the *population* as its target, *political economy* as its major form of knowledge, and *apparatuses of security* as its essential technical instrument” (Foucault, 2007:144; emphasis added).

Efforts to govern and secure modern populations continue to rely heavily on political economic thinking and practice. The health and well-being of a given population is always intimately connected to the strength of the economy, with economic growth often

treated as the key metric of public welfare. At the same time, as Foucault notes, political economic theory, particularly the idea of *laissez faire*, plays a crucial role in defining the logic of liberal governance: as the population comes to be seen as a natural and dynamic phenomenon, it becomes “necessary to arouse, to facilitate, and to *laissez faire*, in other words to manage and no longer to control through rules and regulations” (Foucault, 2007: 451).

The past several hundred years of experimenting with liberal economic systems has taught us, however, that although a liberalized economy may well bring benefits to the population, it also comes with significant risks. It is not just war that has the potential to threaten the very existence of a liberal state or the global system of states. While we may forget it in moments of prolonged stability, capitalism has always been a volatile and crisis-prone form of political economic organization. A core political economic tension in contemporary liberalism is thus between the capacity of free markets to foster the good life through economic growth, and their tendency to massively disrupt that good life through periodic crises.¹⁴

Moreover, as Karl Polanyi so aptly argued in *The Great Transformation*, such tensions between the free market and the needs of political stability only become more pronounced in the context of a democratic society, when the general population is able to express its dismay at economic disruptions at the ballot box—an insight that has certainly been confirmed in the last few months, as economic frustration has played a role in recent

¹⁴ There is a rich literature on the politics of economic crises, including: Blyth, 2002, Hay, 1996, Samman, 2015, Widmaier et al., 2007.

right-wing election results (Polanyi, 1944).¹⁵ As we have witnessed time and time again from the Great Depression to the most recent financial crunch, in such moments of economic disruption, when confronted with some of the limits of capitalism, we should not be too surprised if liberal democratic leaders undertake exceptionalist policies in order to attempt to re-establish political and economic stability.

Theorizing political economic exceptionalism

Although there are very significant parallels and connections between the logics of security and economic exceptionalism, neither is reducible to the other. For heuristic purposes, it is once again useful to focus on the same three crucial moments outlined above in my discussion of the literature on security exceptionalism.

The first of these moments involves *defining the limit* of normal political economic practice. In a security context, in its classic formulation, emergency exceptionalism involves defining a temporal (and temporary) limit of normal politics in the face of war: in an economic context, very similar temporal (and temporary) limits to normal politics are invoked in the face of an economic crisis. Because of the crucial role of the market economy to the logic of liberal governance, political leaders are able to invoke economic necessity as a trump card overriding normal political and economic practices. In both economic and security contexts, identifying an existential threat to a particular state or population moves decision-making from a realm of choice into one of necessity.

Yet, defining the limits of normal politics and invoking a state of exception is an even more fraught practice in a liberal market context: seemingly mundane material

¹⁵ For some more recent analyses of the central role of these tensions between highly liberalized markets and mass democracy, see: Blyth, 2002, Eichengreen, 2008.

phenomena like levels of growth and employment and the value of currencies and assets depend intimately on market sentiment and expectations. The very acute dependence of liberal markets on intersubjective expectations, together with their extraordinary fluidity and potential volatility means that the performative force of exceptionalist utterances is particularly powerful: the act of declaring an emergency can easily precipitate one, as consumers, investors and employers rush to sell their assets, empty their bank accounts and downsize their companies (Best, 2005: Ch. 2, 2009, Kirshner, 2003).

It is also important to note that the limits defined in security and political economic contexts are not merely parallel but are also defined in relation to one another. Foucault articulates this tension very clearly in *The Birth of Biopolitics* when he suggests:

The problem of security is the protection of the collective interest against individual interests. Conversely, individual interests have to be protected against everything that could be seen as an encroachment of the collective interest (Foucault, 2004 :65).

Liberal political economic theory and practice play a key role in defining the limits of the state's expertise and authority; because the economy is a dynamic and self-regulating system (at least in theory), its health depends on a government that understands that, in many cases, "regulation is not only harmful, even worse it is pointless" (Foucault, 2007: 445). Yet security tactics also play a crucial role in defining the limits of the free market, with all of its attendant risks:

Again, the freedom of economic processes must not be a danger, either for enterprises or for workers. . . . In short, strategies of security, which are, in a way, both liberalism's other face and its very condition, must correspond to all these imperatives concerning the need to ensure that the mechanism of interests does not give rise to individual or collective dangers (Foucault, 2004:65).

Moments like the recent global financial crisis can therefore be understood in part as simultaneously failures and more extreme manifestations of these intersecting security and economic limit-defining practices.

Once such limits are defined, the second exceptionalist moment involves the *suspension* of political and/or economic norms—for example, through bypassing or circumscribing normal deliberative processes or suspending political or economic rights. As in the case of securitization, this process often involves treating an issue as requiring a rapid and highly technical response that necessitates taking it out of the hands of elected officials—a kind of depoliticization that is also, of course, an intensely political act. At the same time, the form that this suspension takes in economic emergencies can also differ from security exceptionalism in important ways. It is not simply the existence of an immediate threat but also the complexity and speed of economic dynamics that often serves as the justification for the suspension of political norms. And because the suspension of democratic deliberation is often framed in terms of the limits of governmental knowledge in the face of the specificity of economic problems, the form that the suspension takes can also be distinctly economic: witness the reliance following the financial crisis on economic technocrats as political leaders (for example in Italy) and on central bankers as key policymakers.

The third moment of liberal exceptionalism is one that emphasizes the significant work that is involved in *putting the exception into practice*. Although the moment of declaration can be powerful, it is never sufficient into itself, and depends on myriad processes—sometimes involving legislative approval and often requiring bureaucratic implementation, diffusing political authority in various ways. Although such exceptional

moves are frequently contested,¹⁶ over time they often become increasingly difficult to discern as they become embedded in routine practices and metrics, as the clarity of a sovereign moment of decision is obscured in a multitude of mundane practices. As Louise Amoore (2009) has demonstrated in her analysis of the parallels between the algorithms used for evaluating credit risks and security threats, the governmental tactics used to manage security and political economic risks are closely connected. To use Foucault's vocabulary, both seek to deploy the tactics of security in a way consistent with the (anti-)regulatory logic of political economy: they do not seek to simply contain and forbid, but rather to foster and manage the flows and circulations of people, goods and money. In the most recent financial crisis, that meant re-establishing the "liquidity lost" (to borrow the title from Paul Langley's latest book) in the global economy. Because of its highly technical and bureaucratic nature, this kind of exceptionalist practice thus often involves pushing decisions below as well as above the level of normal deliberative politics—into the bureaucratic application of metrics, algorithms and statistics.

Security and political economic forms of exceptionalism are thus both distinct and deeply interconnected, forming two dimensions of the liberal art of governing. While I do not have the space for a thorough empirical investigation, I will nonetheless seek to put a little more empirical flesh on these very abstract theoretical bones, by examining some of the key policies involved in the response to the 2008 global financial crisis as examples of economic exceptionalism.

¹⁶ On the importance of audience to the effectiveness of securitization efforts, see: (Balzacq, 2005; Salter, 2008).

The 2008 financial crisis

While, as I suggested in the introduction and as other scholars have documented,¹⁷ the different elements of exceptionalism can be found in many countries' response to the 2008 global financial crisis, I will focus here primarily on the American response, concentrating in particular on the key decisions, taken in September 2008, to bail-out the global insurance giant, AIG, and to ask Congress for unprecedented executive authority and financing in the form of the Troubled Asset Relief Program (TARP), which would allow the government to intervene more widely in the national economy to support failing banks and firms—including Citibank, General Motors, Chrysler, Bank of America and many others. This was a key moment in the crisis, as it represented an important turnaround on the part of the US government, which had just a few days earlier let the financial firm, Lehmann Brothers, fail.

Defining the limit of normal times

“There will be no economy on Monday.” This is what Federal Reserve Chairman, Ben Bernanke, famously said at a meeting with Congressional leaders when someone asked him what would happen if they took no action (Duke, 2009). While Bernanke's was likely the bluntest example of such apocalyptic language, he was far from alone. Time and time again, in characterizing the unfolding crisis, political and economic leaders spoke of a profound temporal break from normal times—invoking a crisis of such magnitude that it posed an existential threat to the American and global economies. For

¹⁷ For example, Brassett and Vaughan-Williams (2012) focus on exceptionalist declarations regarding the sub-prime mortgage crisis, focusing in particular on the British case, while Zizek (2010) and Davies (2013) focus on the economic exceptionalism in Europe, and Langley (2015) analyses a wide range of transnational post-crisis policy responses through the lens of security apparatuses.

example, in a September 18 meeting with members of Congress, Christopher Cox, Chairman of the Securities Exchange Commission, invoked 9/11 in arguing for a similarly “extraordinary” response to the crisis at hand (Stewart, 2009). While political leaders could not be quite so bold in their public statements as Bernanke was when speaking behind closed doors (for fear that such an apocalyptic invocation of an emergency would further erode market confidence), they did not hesitate to describe the challenges facing the US economy in very strong terms, as a threat serious enough to warrant “extraordinary measures,” in President Bush’s terms (Bush, 2008), and to require “urgent” action by Congress (White House, 2008). This threat, political leaders argued, was serious enough to take their actions out of the realm of political choice and move them into the realm of necessity, effectively treating the issue as an exceptional one (White House, 2008).

In invoking this existential crisis and justifying certain extraordinary measures, the US Administration and Federal Reserve leaders were engaging in a set of performative declarations that profoundly altered the political and economic context. This power of decision is made clear when we remember that, just two days before, these same political actors had decided that the failure of Lehman Brothers did not constitute a sufficiently serious threat to warrant exceptional measures (Stewart, 2009). Through such decisions, the US Administration effectively decided who would be included and who would be excluded, who would be protected from the market’s normal response, and who would not, who would pay the cost of this massive intervention and who would be spared the cost. As Brassett and Vaughan have pointed out (2012: 40), these were the kinds of moments during the crisis in which political and economic leaders enacted the ultimate

sovereign power, deciding who is and is not “‘worthy’—not only of credit, but as part of legitimate political community.”

Suspending political and economic norms

By framing their actions as a necessary response to an extreme threat, Bush, Bernanke, Paulson and others were able to justify their suspension of both economic and democratic liberal norms. Just how far the government had overstepped liberal economic norms was summed up by a reporter at the White House press briefing on September 17: “How can you call this a free market economy?” (White House, 2008). Many Republican members of Congress and influential conservative think tanks, like the Cato Institute, challenged the Administration’s “draconian” response and suggested that, in a free market economy, AIG and other troubled financial institutions would be allowed to fail (Reynolds, 2008). Two days later, President Bush sought to justify the suspension of free market norms when he argued,

Our system of free enterprise rests on the conviction that the federal government should interfere in the marketplace only when necessary. Given the precarious state of today's financial markets—and their vital importance to the daily lives of the American people—government intervention is not only warranted, it is essential (Bush, 2008).

It was not just free market norms, however, that were suspended in the context of the crisis. Democratic norms, and even laws, were also compromised. The AIG bailout was recently deemed to be illegal by a U.S. Court of Federal Claims judge, who argued that the government’s action contravened the Fifth Amendment, as it did not have the authority to seize ownership of private companies, even in a moment of crisis (WSJ, 2015). The bailout of AIG was one of a series of extremely rapid decisions made during this phase of the crisis with very little democratic consultation. While Congressional

leaders were informed of the Federal Reserve and Treasury’s decision to bail-out the firm before the announcement was made, it was only after the deal was done (Stewart, 2009). Once Paulson and Bernanke realized the magnitude of the intervention that would be needed, and turned to Congress to grant them further authority to do so, the White House made every effort to convince Congress to set aside their criticisms and act swiftly to pass the legislation, arguing that “this is no time for partisanship” (Bush, 2008; White House, 2008).

The government’s suspension of both democratic and economic norms during this crisis thus in many ways parallels the processes that we see unfolding during security emergencies, as political leaders argued that the threat to the population was so extreme that normal politics had to be set aside. Yet, there were also a few notable differences. In justifying their call for a speedy decision, the US government specifically invoked the particular temporal dynamics of the economy, contrasting “the time frames of Wall Street and Congress,” and urging lawmakers to suspend their usual slower pace of deliberation in order to meet the urgent needs of the economic crisis (White House, 2008). Executive power played a crucial role in these bailout decisions and in many other moments during the crisis: Treasury Secretary, Henry Paulson, in particular, wielded considerable power, some argued with “absolute impunity” (US Senate, 2008). At the same time, the funds for this particular bailout, as well as for further massive direct and indirect credit easing, came from the central bank, the US Federal Reserve—an unelected body whose authority rested on its superior technical knowledge of the economy.¹⁸ Thus, even as the Administration sought to push through legislation authorizing the executive to exercise

¹⁸ The various measures taken by the Federal Reserve have produced a balance sheet of over \$4 Trillion (Federal Reserve, 2016).

considerable discretion to respond to the crisis, the wider response to the crisis was one that relied on a set of expert economic decision-making bodies insulated from the democratic process.¹⁹

*Putting the exception into practice**

As the initial moment of decision and declaration gave way to bureaucratic efforts to manage the exception, authority became more diffuse and the focus of governance increasingly biopolitical—preoccupied with restarting the flows of a healthy market economy.

As I discussed earlier, Foucault points to several ways in which the logic of liberal governance is intimately connected to political economic thinking and practice. First, rather than simply imposing its will, government must work with and around the “stubbornness of things,” often by seeking to foster and guide the “natural” rhythms of a population’s wealth and health (Foucault, 2007: 445, 448). Thus, TARP was designed not simply to suspend the normal logic of the market through government intervention, but also to work with and ultimately to re-establish it. As Paul Langley has amply documented, drawing explicitly on Foucault, the TARP legislation was part of a wider transnational strategy aimed at restoring the normal flows, or liquidity, of the global financial system by removing the “bad assets” and “bad banks” from the system (Langley, 2015: 61). This response was driven in part by the diagnosis that had been made of the economic crisis: that “it was ‘illiquidity’—often referred to as an ‘evaporation of liquidity’

¹⁹ In the political economic realm, the paradoxical fusion of governmental and sovereign power that Butler (2006: 53-4) describes takes on a particularly potent form, with sovereign power becoming increasingly tactical and instrumental as it moves into the realm of exceptionalism. I discuss the exceptional role of central banks both in the crisis and more generally in: Best, 2016.

from money and capital markets that were said to have ‘dried up’, ‘seized up’, or ‘frozen over’—which was to be acted on in the first instance” (Langley, 2015: 37).

In situating political economic knowledge at the heart of biopolitics, Foucault also underlined the essentially positive and productive nature of liberal governmental power, even in its darkest forms. In the case of the AIG bailout and TARP, we can see this preoccupation with the productive effects of power, in the ultimate form that the TARP intervention took—as a series of investments in troubled companies—and in the subsequent emphasis on the positive returns that the US taxpayer has received (\$22.7 Billion in the case of AIG) (Schaefer, 2012)—returns that the “TARP Tracker” on the US Treasury Department’s website carefully calculates and publicizes (US Treasury, 2016).

Foucault also suggested that while the “freedom” of the market is a political artefact, it nonetheless serves as a powerful limit on government intervention (Foucault, 2004: 63-67; 2007:444-448). Thus, although the TARP funds were ultimately overseen by no less than four different bureaucratic agencies, several of these agencies had mandates to monitor each other in order to ensure that they did not overstep their roles. The Office of the Special Inspector General for the Troubled Asset Relief Program (SIGTARP), for example, has an interesting double-edged mandate, ensuring not only that the government’s funds are not misused through private sector fraud, but also carefully monitoring the scope of government agents’ involvement in those companies that they have bailed out—simultaneously constituting, blurring and policing the boundary between governmental and political economic authority (SIGTARP, 2010).

The very complexity of the authority to enact the exception may well have been one of the reasons for the very mixed success of the TARP program. In spite of these many

efforts to oversee the implementation of exceptional assistance, subsequent hearings suggest that the government's actual control over companies' actions was highly uneven. In the case of AIG, this was illustrated by Treasury's capacity to impose punitive costs on the firm up-front, but relative impotence in the face of the executive bonuses that were later paid, and which produced considerable public outrage (Panel, 2010: 190-191). It was actually the Federal Reserve Board of New York (FRBNY) that took the lead role in negotiating and implementing the deal—an agency that is owned by its member banks, rather than by the US government, although in this case it was acting on behalf of the US government in extending taxpayer money for the bailout (Panel, 2010: 154). Apparently the FRBNY knew of AIG's compensation agreement for three months before it passed this information along to Treasury, underlining the complex inter-bureaucratic and public/private dynamics that were in play in the implementation of these exceptional policies (Panel, 2010: 190-191).

The outcome of these various bureaucratic efforts reveals the messiness of many efforts to implement exceptional politics. Critical security scholars like Bigo, De Goede and Amoore, and Huysmans and have pointed to the ways in which the practical, often-bureaucratic, operationalization of exceptionalist policies effectively complicates any overly formalist conception of sovereign power. The financial crisis, with its multiplicity of private, public and hybrid actors, practices and forms of authority not only confirms this insight but doubles down on it, suggesting that—because of the significant authority and independence of many economic actors beyond the state today, governmental efforts to enact exceptionalist policies are particularly fraught in practice.

Conclusion: reflections on the present political juncture

Taking seriously Foucault's insights into the political economic character of liberal biopolitical government thus holds out the promise of providing scholars in both the fields of cultural political economy and critical security studies with a richer understanding of the complex dynamics of exceptionalist politics. As I suggested at the outset of this article, understanding these logics is all the more important today, as the changing global political landscape lurches strongly to the right. In the guise of a conclusion, I would like to sketch a few of the ways in which this more complex understanding of exceptionalism might help us to make sense of this political juncture.

Through the lens of exceptionalism, we can understand the crises of today in part as the mirror image of those that Foucault described in his lectures on biopolitics, security and liberalism. The late 1970s, Foucault argued, was a moment of crisis for liberalism produced in large measure by the Keynesian approach to ensuring market freedom, which required increasingly "coercive interventions in the domain of practice" (Foucault, 2004: 69). It was this crisis of liberalism that enabled the rise of Thatcher and Reagan and, ultimately, the move towards a far more radical liberalization of the economy and the financial sector. This is this move towards a radical form of economic liberalization (or neoliberalism) that not only set the stage for the financial crisis as described in this article but that also bears some responsibility for the recent votes in the UK, the United States and Europe.

If the problem in the 1970s was that the apparatus of security had been too aggressive in checking the dangers of a free market (Foucault, 2004: 65-9), then the problem over the past decade has arguably been its reverse: the "economy" and its demands has gained

the ascendancy in many respects, constraining the capacity of the apparatus of security to manage the dangers of a free market. Understanding the ways in which security and political economic logics of liberal governance define and enforce mutual limits allows us to identify those moments in which the failure of this delicate balance produces a crisis significant enough to shift politics into the register of exceptionalism. Both the 2008 financial crisis and the more recent rise in support for the authoritarian right can thus be understood as exceptionalist manifestations of this new crisis of liberalism—a crisis that is intimately related not only to the shocks of the 1970s but also, more worryingly, to those of the 1920s and 1930s.

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