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Bringing back Thrift Week: Neo-liberalism and the rediscovery of thrift

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ABSTRACT

The paper examines and compares the movements for promoting working-class savings in the modern USA and in Great Britain in the 19th century. It explores the use of savings as a technology for managing individuals' behaviour and motives and the nature of the government objectives which are served by these parallel projects.

There are dozens of things that could be done. But the most important is to shift values. Franklin made it prestigious to embrace certain bourgeois virtues. Now it is socially acceptable to undermine those virtues. It is considered normal to play the debt game and imagine that decisions made today will have no consequences for the future (Brooks, 2008).

1. Introduction

Bay (2011, 593) describes the work of accounting as 'a technology of responsibilisation' which is used in the attempt to make individuals 'financially responsible'. She is looking at an attempt to turn individuals into savers, the effort made in Sweden by various public agencies to deliver a module to high school students, dealing with such issues as buying a flat or

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managing a credit card. This is she finds, part of what Hopwood describes as making accounting entwine with the everyday, so that it "becomes more influential in everyday affairs" (Hopwood, 1994: 301). Here, accounting is serving a programme which Carpena et al. find to absorb 'vast resources' worldwide (Carpena et al., 2011) – the creation of financial literacy programmes designed to impact on behaviour and promote saving. And it is a type of education described as potentially 'facilitating a shift from the state to the individual of responsibility for personal economic security' (Williams, 2007, 227), in other words the creation of financial understanding to serve certain political objectives.

This paper reviews two parallel attempts to achieve the same 'socially desirable' goal-to manage individuals' behaviour by using accounting as Bay's 'technology of responsibilisation' in the promotion of personal savings. The attempts were made by government in Great Britain in the 19th century and by a number of pressure groups, largely Republican/libertarian, in the USA in the period after the 2007 economic crisis, via the two technologies of direct instruction and self-education. It examines the involvement of accounting in these cases, exploring the accounting nature of the techniques used, and considers the political forces that influence and are supported by the drive for savings. There are, it argues, significant parallels between the Victorian and modern attempts to promote savings, which cast light on the political underpinning of the current movement. The 21st-century promotion of saving, the paper suggests, is symptomatic of an aspect of neoliberalism, the attempt to financialise the individual, via a return to the culture of economic individualism. Throughout the 19th century 'thrift', as a virtue of fundamental importance, was propagated via key texts, education and political discourses which supported the use of savings banks, in order to make the working classes accountable to themselves and to their superiors. Banking would result in the measurement of their efforts – the amounts that were saved, the growth of savings as a protection from the problems of age and illness – and hence to a measurement of their moral qualities. The financial reporting of the savings banks in the 19th century, before the development of legal requirements for the form and content in the Savings Bank Act of 1896, varied considerably. But, as explored in Section 5, there was a widespread attempt to use the reports to explore the role of working classes – the occupations of savers, the amounts saved – and via directors' reports to celebrate the banks' contribution to a growing involvement of the working classes in wider society. The early 21st century in the US has seen a return to propaganda about the essential role of thrift in individual behaviour. The present paper explores this movement, setting it in the context of the 19th century debates over saving and the arguments of 21st-century neoliberalism, and identifies the parallels between the arguments and intentions of the Victorian and current initiatives. It argues that a historical perspective offers a fuller understanding of the political intention of contemporary arguments which present themselves as impartial and aimed at promoting general wellbeing, and that the role of accounting as a tool for such management of personal behaviour and morality deserves further investigation.

It is first of all appropriate to place the study within the framing concern of the paper-that this attempt to shape individual behaviour in the 21st century is an enactment of neoliberalism. Peck suggests (2011, 13) that 'deployment of the term neoliberalism in academic discourse has become commonplace, especially in the critical social sciences during the past decade'. He quotes (op.cit.15) the accusation by Boas and Gans-Morse that it has become a 'conceptual trash heap capable of accommodating multiple distasteful phenomena without much argument as to whether one or the other component really belongs'. It is therefore important to consider the basis for regarding persuasion for personal saving as a symptom of neoliberal political pressure. Harvey (2005, 5) describes the neoliberal movement as 'liberating individual entrepreneurial freedoms and skills within an institutional framework characterised by strong private property rights' with the role of the state limited to the provision of a legal and economic framework within which this can operate. It is generally agreed that there has been 'an emphatic turn' (Harvey, op.cit., 2) by Western governments towards neoliberal policies and practices, and that neoliberalism 'took meaningful shape' (Peck and Tickell (2006, 28) in the late 1970s. But it is necessary to recognise that, as Peck suggests above, this shape subsequently changed and continues to change.

In the US, the present paper argues, a key feature of neoliberalism in practice has been what Shiller (quoted by Froud et al., 2010, 148) called (the) 'need to democratise finance', the compulsory financialisation of the working-class, the result of a number of complementary pressures. Ashman (2009, 103) identifies as a central theme 'banks' increasing reliance on individual households as a source of profits' as their relationship with commercial/industrial borrowers became less close and less profitable (see also dos Santos, 2009; Lapavitsas, 2009). Households have been increasingly drawn into the use of credit. Subprime mortgages have played an important role here-by 2005 about 1 in 4 mortgage loans was subprime and there was an increase of over 200% in mortgage debt between 1992 and 2007 (Montgomerie, 2010, 105). But subprime borrowing has not been the only factor in workers' extended financialized relationships. It was accompanied on one side of bank balance sheets by increased dependence on short-term credit, in the form of bank loans and credit card debts, and on the other by investment in higher-risk securities. (Soederberg, 2011). Workers have found themselves in a disadvantaged position, with the incentive to enter into new and extended financial relations because of an accompanying effect of a neocapitalist regime – the retrenchment or withdrawal of services formerly provided by social security – education, health and retirement benefits, what Bourdieu (1998) describes as 'a programme of the methodical destruction of collectives'. The situation of workers has been made increasingly precarious by the destruction of the 'embedded liberalism' of the US and Western Europe in the post-war pre-1970s period, with its basic set of social provisions such as health and unemployment insurance. Provision for needs has been increasingly transferred back on the individual at the same time as banks have intensified their efforts to promote the take-up of financial products by working-class customers.

It is into this context in the beginning of the 21st century, this paper argues, that saving by individuals has again begun to be promoted after a long silence from the proponents of thrift. The following section gives an overview of this movement and