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Dannreuther, C and Kessler, O (2017) Racialised Futures: On Risk, Race and Finance. Millennium: Journal of International Studies, 45 (3). pp. 356-379. ISSN 0305-8298

https://doi.org/10.1177/0305829817713632

"Racialised Futures: On Risk, Race and Finance" Millennium: Journal of International Studies 2017, Vol. 45(3) 356– 379

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Abstract
This article explores the relationship between race and finance. By looking closer at risk, this article seeks to contribute to the literature in three ways: First, the concepts of risk and uncertainty need to be understood from a post-colonial perspective. Second, through a postcolonial reading of risk, we seek to develop a different concept of risk itself which emphasises its three qualities of de-humanisation, de-socialisation, and de-territorialisation. Last but not least, we propose to understand the post-colonial critique not only as a reconstruction of Europe's past, as Dipesh Chakrabarty has named it, but locate it at the intersection of the present and the future: The post-colonial critique is enacted as soon as Europe's future is imagined through risk.

Keywords
risk, slave trades, financial markets

Introduction

It is a widely accepted truth that financial markets produce racialized outcomes.[1] For example, a Report to the US Congress on Credit Scoring and its Effect on the Availability and Affordability of Credit in 2010 confirmed that credit scores vary with 'ethnic' group.[2] Along the same lines, evidence shows that mortgage borrowing costs can also vary up to 15% and that white families are more likely to enjoy financial advantage than Hispanic or black families – even when their income is similar.[3] These examples do not take into account the xenophobia and racial discrimination the 2008 economic crisis unleashed throughout the Western world, yet they still beg the question of how race and finance are intertwined.[4] Are these outcomes the product of contingent misguided policies or the product of deeper logical assumptions upon which financial operations rely? In pursing this question, we propose to push the problem of 'race and finance' beyond the analysis of empirical data and their specific policy implications. Our aim is not to find the causal relationship between finance and its racist outcomes. Rather, we investigate the condition of possibility through which finance is irredeemably linked with the question of race. Practices of risk assessment, the identification, measuring and trading of risks, and the categorization of risk and uncertainties and their translation into number are not colour blind.[5] Building on this intuition, we draw on the political economy of finance, post-colonial approaches, and risk studies in order to put forward three basic arguments:

First, we aim to show that in order to understand how our modern concepts of risk and uncertainty developed, we need to understand their place in a post-colonial historical

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[1] See for example John Yinger, The Color of Credit: Mortgage Lending Discrimination, Research Methodology, and Fair-Lending Enforcement (Cambridge, MA: MIT Press). David A Skeel 2004, Racial Dimensions of Credit and Bankruptcy, Penn Law: Legal Scholarship Repository,. Accessible under: https://www.law.upenn.edu/cf/faculty/dskeel/workingpapers/!61WashAndLeeLRev1695%282004%29.pdf.

[2] Board of Governors of the Federal Reserve System, Report to the Congress on Credit Scoring and its Effect on the Availability and Affordability of Credit, accessible at: https://www.federalreserve.gov/boarddocs/rptcongress/creditscore/creditscore.pdf. (last accessed 15th March 2017).

[3] This finding is supported by several Federal Reserve documents. See also Andrew Haughwout, Christopher Mayer, and Joseph Tracy, Subprime Mortgage Pricing: The Impact of Race, Ethnicity and Gender on the Cost of Borrowing (New York Federal Reserve Working Paper 2009), Andra C., Rubén Hernández-Murillo, and Michael T. Owyang, Race, Redlining and Subprime Mortgage Pricing (St Louis: St Louis Federal Reserve Working Paper, 2013), Carolina Reid and Elizabeth Laderman, The Untold Costs of Subprime Lending:
Examining the Links among Higher-Priced Lending, Foreclosures and Race in California, (San Francisco: Federal Reserve Bank of San Francisco Working Paper, 2012).

[4] Patrick Bayer, Patrick, Fernando Ferriera and Stephen L. Ross, The Vulnerability of Minority Homeowners in the Housing Boom and Bust (Cambridge, MA: NBER Working Paper #19020, 2012). Also: http://www.globalmigrationgroup.org/system/files/uploads/documents/UNESCO_Fact-sheet_final.pdf

[5] Board of Governors of the Federal Reserve System, Report to the Congress on Credit Scoring and its Effect on the Availability and Affordability of Credit, accessible at: https://www.federalreserve.gov/boarddocs/rptcongress/creditscore/creditscore.pdf. See also Stephen L Ross and John Yinger, The Color of Credit: Mortgage Lending Discrimination, Research Methodology, and Fair-Lending Enforcement (Cambridge, MA: MIT Press,2004).

reconstruction of Europe's past.[6] This is in line with a now firmly established literature in International Political Economy (IPE). For example, Alexander Anievas and Kerem Nisancioglu have provided a powerful history of capitalism that demonstrates the inherent Eurocentrism in our understanding of capitalism.[7] Also, in Chakrabarty's Provincializing Europe, a distinction is made between the visible and invisible histories of capital accumulation to show how the history of capitalism is of violent struggle and oppression in the name of a singular Eurocentric notion of capitalist development.[8] As well as normalising the ascendance of capitalism, this Eurocentric history denies the significance of the Ottoman Empire on the evolution of modern capitalism..[9] Other historical discussions have similarly pointed out that the emergence of the industrial revolution in England and the City of London as one of the world's leading financial centers needs to be linked to the British Empire and the surplus it was able to extract and control.[10] Here we simply suggest that this literature is also instructive for understanding for how today's concepts of risk and uncertainty work and how risk makes possible the observable racist outcomes. .

Second, this reconstruction of the post-colonial literature allows for a different understanding of risk itself. While risk is usually understood as a universally valid and value-neutral algorithm which links decisions to outcomes, we suggest that the concept of risk itself operates through three qualities of de-socialiation, de- humanisation, and de-territorialisation. We argue that these three qualities stabilize risk as a quantitative rationality. Thereby we, thirdly, hope to show that not only have Europe's institutions an unacknowledged racial past, but also that racism and the post-colonial moment is operational today in the continuous re-

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[6] Post-colonial critique is of course not a uniform literature. It is possible to identify at least four strands each based on either Edward Said's Orientalism, Bhaba's concepts of mimicry and hybridity. Spivak's notion of the subaltern, and Charakbarty's Provincialising Europe. For overview to the post-colonial movement, see in particular Bill Ashcroft, Garett Griffith and Helen Triffin, The Post-Colonial Studies Reader (London: Routledge, 2003), Key Concepts in Post-Colonial Studies (London: Routledge: 1998). For general discussions on post-colonial studies and International Relations, see for example Branwen Gruffydd Jones (ed) Decolonizing International Relations (Lanham: Rowman and Littlefield, 2006), John Hobson The Eurocentric Conception of the World: Western International Theory, 1760-2010 (Cambridge: Cambridge University Press 2012); and Sanjay Seth, 'Postcolonial Theory and the Critique of International Relations' Millennium: Journal of International Studies 40 (1): 167-183, see Robbie Shilliam (ed.) International Relations and Non-Western Thought: Imperialism, Colonialism and Investigations of Global Modernity (London: Routledge, 2010) and his new The Black Pacific (Manchester: Manchester University Press, 2015).

[7] Alexander Anievas and Kerem Nisancioglu, How the West Came to Rule (London: Pluto Press, 2015).

[8] Chakrabarty, Dipesh. Provincializing Europe: Postcolonial thought and historical difference. (Princeton University Press, 2009).

[9] Kerem Nisancioglu 'The Ottoman Origins of Capitalism: Uneven and Combined Development and Eurocentrism', Review of International Studies, Vol 40 No 2 (2014), 325-347.

[10] See for example Robbie Shilliam, the Black Pacific; Brandwen Gryffudd Jones, "Slavery, finance and international political economy" in Sanjay Seth, Postcolonial Theory and International Relations (London: Routledge, 2013), see also Ian Baucom, Specters of the Atlantic (Duke: Duke University Press, 2005).

envisioning of its future. The post-colonial moment is not just to be found at the intersection of the present and the past, but it is operational in the very way the future is imagined – through the concept of risk.[11]

To pursue this argument, this article is structured in three sections. The first section provides a brief discussion on the 'economic' and 'cultural' concepts of risk that allows us to see how current narratives of rational finance and neutrality are stabilized. Building on this discussion, the second section uses the already existing rich historical studies on slave trades to derive the historical link between 'risk' and the qualities of de-humanisation, de-socialisation and de-territorialisation. The third section then shows how this post-colonial moment in the construction of the future plays out in the eventually most important current initiative within the EU: the Capital Market Union. This initiative will bring back the securitization of financial debt, a process at the core of the 2007 Subprime Crisis, in Europe on a massive scale. We expect it to lead to the same unstable dynamics which will again fuel the xenophobia that we see everywhere today.

I On Risk and Uncertainty

When one looks at official documents, policy briefs and even the finance section of newspapers, one encounters a highly specialised language that is symbolised in graphs and tables.[12] The rationality that is displayed is based on 'empirical' numbers that are taken as measurable facts and framed around percentages, dynamics, interests, and growth rates.[13] Take for example the central plank in the EU's current economic programme: the creation of a European Capital Market Union (CMU). The Capital Market Union is said to deepen financial markets in part to facilitate SME access to risk finance to boost innovation and growth.[14] The

[11] So post-coloniality is not only "a sensitivity to the hierarchical relations between races, genders, and classes; the ethnocentricity of a discipline that, by definition and nomenclature (international relations), should emphasize the historical and interrelated character of developments over the last few centuries; who controls the dominant discourses of our times; and the role of critical international theory in the endless plays of power' Sankaran Krishna, "The Importance of Being Ironic: A Postcolonial View on Critical International Relations Theory," Alternatives Vol 18, No. 3 (1993), p. 390. It is also a sensitivity of those hierarchical relationships constituted through the future.

[12] See graph 1 for an illustration.

[13] Unfortunately, we cannot illustrate this point by providing a couple of graphs for space and copyright constraints. For a discussion on the status of empirical data in this discourse, see Oliver Kessler, 'The Failure of Failure: On Constructivism, the limits of critique, and the socio-political economy of economics', Millennium: Journal of International Studies, Vol 44 No 3 (2016), 348-369.

[14] All documents around the CMU can be found at: http://eur-lex.europa.eu/legal-content/DE/TXT/?uri=CELEX:52015DC0063 For a discussion of CMU and SMEs see Charles Dannreuther 2016

initiative identifies the lack of access to finance as one of the major risks to the EU economy that needed to be both addressed and made productive. The Commission's Green Paper argues that there is "a wide variation in the development of risk capital markets among Member States: around 90% of all venture capital fund managers are concentrated in eight Member States."[15] Among those eight Member States, the UK holds around 50% of all risk capital. Thus "in some Member States, venture capital funds face problems reaching the scale they need to spread their portfolio risk. The absence of an equity investment culture, lack of information, a fragmented market and high costs seem to be among the main reasons for this."[16]

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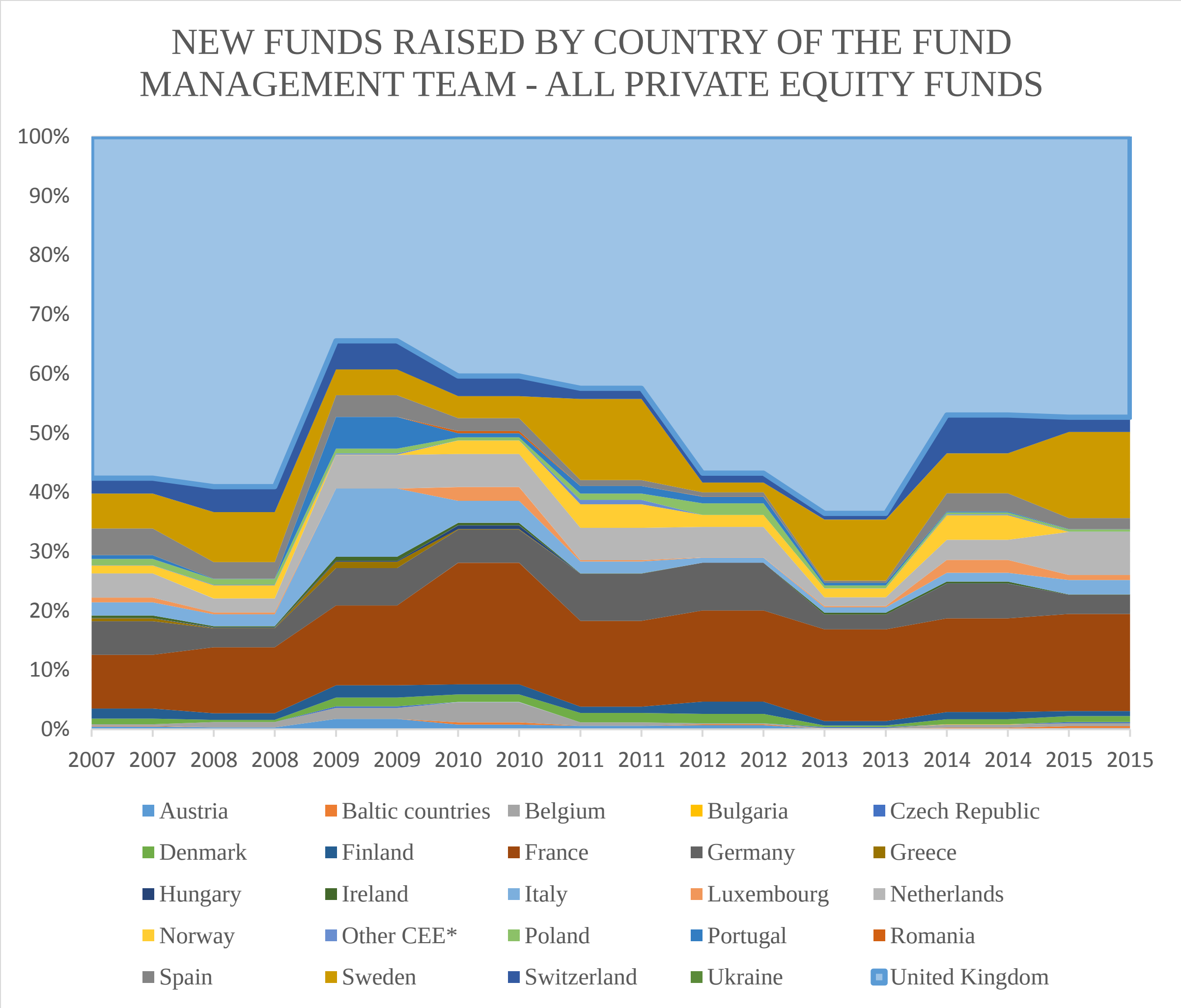
TABLE 1 – NEW FUNDS RAISED BY COUNTRY OF THE FUND MANAGEMENT TEAM - ALL PRIVATE EQUITY FUNDS

source: Invest Europe Research 2016 "European Private Equity Activity Data 2007-2015" viewed 22/2/17 https://www.investeurope.eu/research/activity-data/annual-activity-statistics/

"CMU and SMEs–structural power and the EU." FEPS Working Paper viewed 22/02/2017 from http://www.feps-europe.eu/assets/181e817d-02b9-4565-bd7e-c6e52e5cd05f/dannreuther-et-alpdf.pdf

[15] See European Commission, 2015 Green Paper: Building a Capital Market Union, accessible at http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=COM:2015:63:FIN&from=DE, p 17.

[16] Ibid, p 18.



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The key argument by the Commission is actually not that difficult to dissect: deepening financial markets will facilitate access for SMEs and this translates into growth and new jobs. Even though this argument is certainly subject to critique, what is more important for the current discussion are two things: First it is through its quantitative form that the apparent neutrality and objectivity of the economic arguments are produced.[17] Through their quantitative form, economic arguments take on a specific technocratic functionality that leaves can only be countered in equally rational terms. This excludes a large majority of society that then feels either silenced or ignored[18]. The questionnaire introduced to review the CMU proposals only allowed for answers that may differ on how this pre-defined objective of Capital Market Union

[17] For a historical discussion of risk and uncertainty see Oliver Kessler, Die Internationale Politische Ökonomie des Risikos, (Wiesbaden: VS-Verlag, 2008), Chapter 4.
[18] It is quite instructive that critique therefore, finds its place on the streets (occupy, blockupy), while the internal circle of roundtables, conferences, and policy formulation remains untouched. For a further discussion see Oliver Kessler, The failure of failure, op. cit.

could best be achieved.[19] The questionnaire was answered predominantly by the financial industry only and 'the public', as it is often so nicely named, was unable to raise its voice.[20] The CMU initiative itself, the rationality it portrays and the social consequences that it may produce, were situated beyond political deliberation and consequently off the agenda.[21]

On the other hand, by invoking an economic concept of uncertainty and risky, the Green Paper also fixed the presentation of Europe's past, present, and future through those very graphs and numbers as the past, present and future of 'integrating' nation states. For example, it regarded the UK as prime example for Venture Capital which has to be 'mimicked' by other countries to increase Europe's competitiveness. The UK's colonial past, and its legacy in confirming the role of the UK within Europe and in the development of the UK's financial system, was graciously ignored and silenced. Instead, an image was created that was based on a specific institutional design and the assumption of competition between member states. While much could be said about the specific rationale displayed in those numbers and the securitization of credit that is seeks to introduce, it is instructive to realise that it is through the concept of risk that the idea of 'equal' nation states, future integration, and growth was stabilised.

To make visible other histories that acknowledge the Eurocentrism of finance therefore requires a different notion of risk. One avenue can be found in the work of cultural anthropologist Mary Douglas. Although her work is not without limits, Douglas pointed out that risk is not merely an algorithm which then fosters the (Western) logic described by the literature on "decision making under uncertainty". Rather, risk is related to questions of how societies allocate dirt, taboo, and guilt. In her Purity and Danger, she reconstructed another way of reasoning which moved from misfortune to spiritual beings, instead of from effects to causes. As she termed it: "when miscreants are accused of spoiling the weather, killing with lightning, or causing storms at sea it is not a flaw in the reasoning process that should interest us, but something about casting blame."[22] Rather than a behavioural regularity or objective chance, risk is linked to the community in which it operates, an idea she would later develop in the "Grid-Group Model".[23]

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[19] http://europa.eu/rapid/press-release_MEMO-15-5732_en.htm?locale=en (last accessed 11.11.2016).
[20] See Oliver Kessler and Timo Walter, The Public in the Private, (University of Erfurt, 2017: mimeo) for an in-depth discussion of the review process and the question of the public. See Oliver Kessler, Failure of Failure, op cit on the question of the social conditions of critique.
[21] Ibid, p 20.
[22] Mary Douglas, Purity and danger: An analysis of concepts of pollution and taboo (London: Routledge, 2003), p. 4.
[23] For a discussion see Mary Douglas and Aaron Wildavsky, Risk and Culture: An Essay on the Selection of Technical and Environmental Dangers (Berkeley, CA: University of California Press, 1982)

Without going into the details of the Grid-Group Model at this point, Douglas's key intuition is important for the argument advanced here: the very quantitative rationale of risk presupposes and is stabilised by qualitative judgements rooted in the social fabric of groups. By recognising these different 'qualities', Douglas's anthropological understanding of risk is sensitive to the spatial and temporal differences of 'risk acceptability'.[24] Going further down this line of reasoning, one can see how the distinction between risk and uncertainty has been socialised as it has moved from being a technical elite-based decision to one through which individuals lead their lives. Today, almost everyone is aware of the credit scoring procedures that their banks use to convert their lives into quantified liabilities that will directly affect the size of the house they can buy.[25] Many also now understand the vulnerabilities that inflation or over leveraged banks pose to their everyday lives. In policy terms, the challenges of managing financial stability during periods of radical uncertainty and a "New Normal" of low growth have depoliticised vast tracts of economic decision making. The threat of algorithm induced currency flash crashes render political elites almost ineffectual in ways that have fundamentally compromised the credibility they hold with their electorates. And we can already see how the long standing connection that bound political elites to their constituents has strained national democratic traditions in many of Europe's developed democracies. Managing risk and uncertainty has radically altered the territorial politics of Europe in the 21st century.

In the following discussion, we want to build on this insight that risk's quantitative logic presuppose qualities that have to be made visible in the first place. While Douglas referred here to distinct qualities in group structures (Grid-Group) and thereby pre-supposed well-defined groups, we depart from her model at this point. Instead, the next section links 'risk' with recent post-colonial contributions in IPE to show that the quantitative logic of risk is stabilised by the three qualities of de-humanisation, de-territorialisation, and de-socialisation.[26] We suggest that these usually invisible qualities stabilise the operation of risk in finance even today. A discussion on the role of the slave trade in the development of European capitalism allows us not only to develop these qualities, but also to counterbalance the idea that the 'deep' capital markets in the City derive from the 'national' achievements as something that the UK could take pride in.[27] Rather, our discussion intends to show that financial practices, that were once

[24] A thought that idea is today associated with Ulrich Beck's notion of risk society more prominently. See Ulrich Beck, Risk Society: Towards a new modernity (London: Sage, 1992).

[25] Companies like Experian help individuals improve these scores http://www.experian.co.uk/consumer/

[26] For the relationship between race and post-colonial see supra 12.

[27] At this point, we have to address to caveats: first, the discussion does not show how slave trades shaped modern concepts of risk and uncertainty. Even though the geneaology of risk is linked to maritime practices, it is also linked to the emergence of modern probability theory in the 17th century. To fully account for the role of slave

so familiar to Atlantic slave traders, demonstrate financial capital's ability to reproduce power relations capable of transcending both place and time By doing this we hope to show how the racial implications of finance today are made possible through the operationalisation of risk.

II Risk and the Slave Trades

The post-colonial contributions to IPE has already challenged our understanding of the origin and development of European Capitalisms.[28] Most of the mainstream IPE narratives build on the 'First in Europe, then Elsewhere' temporality that Dipesh Chakrabarty has so vividly criticized.[29] In his critique of IR theory, Sanjay Seth argued that "mainstream IR, where it has been interested in history at all, has mis-described the origins and character of the contemporary international order, and that an accurate understanding […] requires attention to its colonial origins."[30] We fully agree and certainly do not intend to challenge these insights. At the same time, we do approach this literature from a slightly different angle as we want to understand the role of slavery in the articulation of risk in early modern Europe. While slavery has been shown to have been quantitatively central to the emergence of London's financial system we want to explore how it was also important qualitatively in the normalization of distinctions between risk and uncertainty. We therefore believe that a retelling of the historical origins of financial risk management that pays special attention to this period may help us to understand the power relations reproduced under contemporary forms of financial capital.

Slavery's relationship with industrial capitalism in the UK and USA has already been scrutinised for some time[31]. Slavery was propelled by the growth in consumption of consumer products that industrialization brought and also generated wealth that fed back into Britain "... furnishing novel incentives wider markets, premium commodities, sources of capital and raw

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trades here is a task that we cannot engage here in this contribution. Therefore, we have to restrict our discussion on the development of the institutional structure of finance as performative consequences of risk practices. Secondly, we use the existing literature on slave trades to develop our three qualities. We do not imply a causal relationship that slave trades led to the three qualities. That again, would move the discussion to the conceptual level and require a more substantive discussion based on primary resources that-again – is beyond the scope of this article. We are more modest in our claims.

[28] See supra 3 and supra 5.

[29] Dipesh Chakrabarty Provincializing Europe: Postcolonial Thought and Historical Difference (Princeton: Princeton University Press, 2000).

[30] Sanjay Seth, 'Postcolonial Theory and the Critique of International Relations' Millennium: Journal of International Studies 40 (1), p 168.

[31] Eric Williams, Capitalism and Slavery (Chapel Hill: North Carolina U.P., 1944)

materials."[32] Portugal did not have the same domestic demand, French metropolitan economies were tightly regulated, but Britain was affected in a number of ways:

1) The stimulus afforded to British manufacturers by exports to Africa and the Americas;
2) Planting and mercantile profits;
3) The provision of finance, credit and financial instruments;
4) The ability of plantations to supply raw materials in great quantity and at a low price;
5) The contribution of plantation products to a new world of consumption, itself linked to more intense work patterns; and
6) The ability of the plantations to ride out periods of disruption and war

For the past half century there has been a lively debate over the role that the profits of slavery played in the industrialisation of modern Europe, and especially the UK.[33] Engerman estimated slavery's profits contributed 7.8% of total British investment in 1770 or 38.9% of total commercial and industrial development.[34] Similarly, Inikori showed that the reinvestment of the profits of slavery was far more important for the Industrial Revolution than the reallocation of aristocratic wealth into fixed capital.[35] Yet the spread of slavery interests in the building of London's docks demonstrates that "the wider slave economy permeated almost every aspect of London's commercial life."[36]

What is important here is that slave trades were instructive for the development of modern insurance practices upon which financial markets would later grow. For example, the practice of defining an interest that can be insured and traded, practices which we see today in asset securitization and credit default swaps, shared qualities with the mercantile insurance of the slave trade. Slave trades were not 'unique' and maritime insurance had already developed an extensive pedigree before imperial states emerged. The practice of "bottomry", in which a

[32] Robin Blackburn, The American Crucible – Slavery Emancipation and Human Rights (London: Verso, 2011), p 102.
[33] We focus on Britain only as it is often identified and treated as a prime example of 'deep' financialised markets today. One reviewer graciously noted that slave trades were common in other empires as well. We fully agree and we'd like to take up this idea on a comparative study of empires, slave trades and emergence of financial institutions at other occasions. We thank the reviewer for bringing this point up.
[34] Stanley Engerman "The Slave Trade and British Capital Formation in the Eighteenth Century" Business History Review Vol. 46 (1972), pp.430-443
[35] J. E. Inikori "Market Structure and the Profits of the British African Trade in the Late Eighteenth Century" The Journal of Economic History, Vol. 41, No. 4 (1981), pp. 745-776. Others contradict the role of profits from slave trades on industrial investment, estimating the contribution of those profits to national income at its peak between 1761-1780 as just one tenth of one percent. See Stanley L. Engerman "The Slave Trade and British Capital Formation in the Eighteenth Century: A Comment on the Williams Thesis" The Business History Review, Vol. 46, No. 4 (1972,), p 439
[36] Nicholas Draper "The City of London and Slavery: Evidence from the First Dock Companies, 1795-1800" The Economic History Review, New Series, Vol. 61, No. 2 (2008), pp. 461.

ship's captain could draw a debt against the keel of the vessel that would be exonerated should the ship be lost, had been practiced broadly since medieval times.[37] The industry was governed by fierce cultural and political opposition to the practices of usury and taking wagers. Italian port cities grew by servicing the insurance requirements of ship companies in the treacherous Mediterranean as Hanseatic practices were outlawed as usury.. Within these cultural constraints on maritime insurance the practice emerged of creating an object that was insurable in order to create an insurance premium to charge a fee against. This was mentioned explicitly in Williams' 1803 Treatise On Insurance. He observes that in order to generate a legitimate financial transaction a specific identity had to be created[38]

> There cannot be an indemnity without a loss nor a loss without an interest. A policy, therefore, without an interest is not an insurance but only a mere wager.[39]

Slave trades were, as important subjects of insurance, also defined as an "interest" and so the practice categorized slaves as objects, or as cargo. Indeed the 1745 Gambling Act, which formally introduced the concept of an "insurable interest" or a property that could be insured against losses, included slaves in this category.[40] The concept of an interest, whose loss was insurable against, was pivotal to the emergence of modern insurance.

The form of property insurable in the maritime trade reflected the wide breadth of economic activities associated with slave trading in this particular period and helped to differentiate 'modern' from 'ancient' slavery. Roman slaves were often captured and brought home by Legions to take on senior roles as imperial administrators or teachers. In contrast, New World slavery was strictly a commercial enterprise. It flourished through market forces that linked the production of commodities, like sugar, in one continent with consumers in another. The slaves were also attributed more sharply delineated racialized characteristics to differentiate their value as assets.[41] Slaves were wholly treated as the property and chattels of another, rather than a serf tied to his master by labour or a worker tied to his job by a wage. As Paul Fickelman explains:

> "slavery was not simply a system of exploitive labor. Rather, it was a system of treating people like property—without the power to control their own lives, without the right to

[37] David Holland "A brief History of Reinsurance" Reinsurance News Vol 65 (2009).
[38] Ibid, p. 104-105
[39] Samuel Marshall,A Treatise on the Law of Insurance in four books (Boston: Manning and Loring, 1805), p 80.
[40] Anita Rupprecht, "Excessive Memories: Slavery, Insurance and Resistance" History Workshop Journal , No. 64 (2007), pp. 6-28
[41] See Robin.Blackburn The American Crucible Slavery Emancipation and Human Rights (London: Verso, 2013).

own land or personal property, without the power to speak out about their own liberty, without the power to even control their families."[42]

As a property the slave could, either individually or as part of another set of interests, be insured against measurable risks and a fee charged. The rewards generated by slavery for the insurance industry were significant. Around 15% of risks insured by value and a third of maritime premium income was from West Indian and African slave trades[43]. Inikori suggests that 63% of premium incomes was from slave trading in the West Indies in the 1790s[44] while Eltis catalogues the costs of insurance in the illegal slave trade between 1826-1865 thus:

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TABLE 2 SHIPPING INSURANCE COSTS IN THE ILLEGAL SLAVE TRADE

Source: page 273-5, Eltis, David 1987 Economic Growth And the Ending Of The Transatlantic Slave Trade Oxford UP

SHIPPING INSURANCE COSTS IN THE ILLEGAL SLAVE TRADE	
CUBA	
1826-1835	**28%**
1836-1845	**30%**
1856-1865	**29%**
BRAZIL SOUTH	
1831-1840	**13%**
1841-1850	**24%**

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Defined as an interest, slaves could be insured in relation to risks. Income from premiums could be derived accordingly. This allowed insurers to protect traders all over the world and against all manner of risks, including that of apprehension by the authorities. Between 1738-1731 the exposure of maritime risk was predominantly orientated to trade between North America and the West Indies (see table 3).[45]

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42 Paul Finkelman,"Slavery in the United States: Persons or Property?" in Paul Finkelman,. An Imperfect Union: Slavery, Federalism, and Comity (London:The Lawbook Exchange, Ltd., 2000), p 113. .

43 Nicholas Draper "The City of London and Slavery: Evidence from the First Dock Companies, 1795-1800" The Economic History Review, New Series, Vol. 61, No. 2 (2008), 432-466

44. Nicholas Draper "The City of London and Slavery: Evidence from the First Dock Companies, 1795-1800" The Economic History Review, New Series, Vol. 61, No. 2 (2008), p. 450, footnote 86

45 John A. H. John 1958 "The London Assurance Company and the Marine Insurance Market of the Eighteenth Century" Economica, New Series, Vol. 25, No. 98 (May, 1958), p 132.

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TABLE THREE Geographical Distribution Of Risks

Source: page 132 John A. H. John 1958 "The London Assurance Company and the Marine Insurance Market of the Eighteenth Century" Economica, New Series, Vol. 25, No. 98 (May, 1958), pp. 126-141

GEOGRAPHICAL DISTRIBUTION OF RISKS

DIRECT RISKS	**1728-29**	**1730-31**	**1769-70**
	£	£	£
COASTWISE ENGLAND	44510	27193	65642
BALTIC	11980	16320	33054
NORTH EUROPE	66085	69486	143988
SPAIN AND PORTUGAL	134682	76337	263545
MEDITERRANEAN	187910	120715	135589
EAST INDIES AND CHINA	66020	82750	36127
NORTH AMERICA AND WEST INDIES	203514	221637	131996
AFRICA AND WEST INDIES	17250	11732	39688
ENGLAND AND IRELAND	6015	4650	18565
MISCELLANEOUS	14575	-	15769

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Regardless of the volumes of wealth created through these transactions, the capacity of the insurance sector to accommodate the sums insured was managed through conditions placed on the interests insured. Explicit clauses required that slaves be disciplined:

> "the assured doth hereby agree to warrant the ship sheathed [in copper to protect against sea worm damage], to take upon himself all loss or damage by death or insurrection of slaves and all loss or damage by prohibited trade."[46]

Entering into an insurance contract involved a specific obligation on the insured to take measures to protect their interests. The standards, such as those above had significant consequences. With slave ships poorly supplied and conditions harsh, crew were living in poor

[46] See Anita Rupprecht„„Excessive Memories: Slavery, Insurance and Resistance" History Workshop Journal , No. 64 (2007), pp. 6-28

conditions too. Slaves who starved would be tossed into the sea so that their loss could be recorded as due to disease and insurance claimed. Williams describes a specific judgement over the ship Zong on which a massacre occurred in 1871:

> "Short of water, the captain had thrown 132 slaves overboard, and now the owners brought an action for insurance alleging that the loss of the slaves fell within the clause of the policy which insured against "perils of the sea"…. Damages of thirty pounds were awarded for each slave, and the idea that the captain and crew should be prosecuted for mass homicide never entered into the head of any humanitarian."[47]

The construction of the slave as a cargo that could be insured as an interest, and the obligations that this placed on the insured, shows the de-humanising effect of risk management and how it was closely linked to insurance practices.[48] The value of slaves was defined quantitatively and in accordance with clear sets of rules designed to neutralise empathy and humanity from any the supervision of slaves.

Joint stock companies provided institutional as well as geographical separation of the investor from the harsh reality of the slave trade, as did the normalisation of absentee plantation ownership in Britain. The necessity of insuring assets and offering financial services to clients with interests all over the world offered opportunities for innovation and expansion to the financial sector. Slavery was an inherently risky business and the challenges of managing credit terms or even securing payment created significant problems for slavers. These could be managed for a fee by financial services like factoring and the management of credit and remittances.[49]

The subordination of slaves was reproduced across society and in its commercial and social institutions. Slaves were treated differently to other servants in ways that penetrated social relations and endured, separating slaves from "normal" society. This was the case in the political as well as the domestic spheres. As a young man the future liberal Prime Minister

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[47] Eric Williams, Capitalism and Slavery (Chapel Hill, The University of North Carolina Press; 1944), p 46

[48] Personal life insurance practices had developed in the late 18th century as the personal life insurance markets emerged but these were contracts entered into by individuals for their own benefit. See Luis Lobo-Guerrero, Insuring Security: Biopolitics, Security and Risk (London: Routledge, 2010).

[49] Nicholas Radburn, "Keeping "The wheel in Motion": Trans-Atlantic Credit Terms, Slave Prices, and the Geography of Slavery in the British Americas, 1755–1807" The Journal of Economic History, Vol. 75, No. 3 (September 2015). Kenneth Morgan, "Remittance Procedures in the Eighteenth-Century British Slave Trade" The Business History Review, Vol. 79, No. 4 (2005), pp. 715-749. Although Haggerty argues that human capital was important in the management of risk in the Liverpool save trade. See Sheryllynne Haggerty Risk and risk management in the Liverpool slave trade, Business History Vol 51 No 6 (2009), pp 817-834,DOI: 10.1080/00076790903266844

William Gladstone, whose father owned significant plantation estates, showed how freedom, for slaves at least, would be conditional on the fitness of the slave to be free:

> "let emancipation go hand in hand with fitness to enjoy freedom; and let fitness be promoted and accelerated by all possible means, which the Legislature can devise. Such has ever been, such is and such please God shall be my language."[50]

Being liberal allowed people to express support for the freedom of man but only on condition that he conformed to certain forms of behaviour. As Seth observes

> "We are accustomed to think that the social contract theorists of the 17th century awoke to the fact that men are born free, rational and equal, equipped with the capacity for willing, desiring and promising. In reality, there was often an anxiety underlying the seemingly self-assured pronouncements of these thinkers, an anxiety born of the recognition, or half-recognition, that this individual was less a premise that could be taken for granted and more something which had to be forged." [51]

Whether Gladstone knew of the suffering of those on his father's plantation or not is irrelevant. These were abstractions of humanity conceived against an ideal and committed to in terms of Parliamentary action and heavenly oversight. There was no reference to the emotional or relational context in which slaves experienced their humiliation. As one participant in the Parliamentary debates over slavery put it:

> "the question of the abolition of the slave trade, was a question between humanity on the one side, and interest on the other"[52].

The rich and powerful of London society and even many abolitionists were therefore able to reconcile slave ownership with their liberal values by distancing their ownership through the construction of interest and by equating their status with their property, of which slave ownership was a clear part. At the end of the slave era, even Abolitionists were investing in docks dedicated to the import of sugar and other slave dependent trades.[53] By the time of Abolition slave ownership was typical in towns and villages across the country. As the new databased assembled by the UCL Legacies of Slavery project demonstrates, claims for

[50] Roland Quinault, "Gladstone and Slavery" The Historical Journal, Vol. 52, No. 2 (Jun., 2009), p 367
[51] See page 179 of S.Seth 2011 "Postcolonial Theory and the Critique of International Relations" Millennium: Journal of International Studies Vol 40 No 1 (2011),p. 179
[52] Richard B. Sheridan, "The commercial and financial organization of the British slave trade, 1750–1807." The Economic History Review Vol 11 (No 2), p. 249.
[53] See Draper 2008 op cit,

compensation for emancipated slaves was spread broadly demonstrating both the banality of slave ownership and the extent to which society at large was linked to the slave economy.[54]

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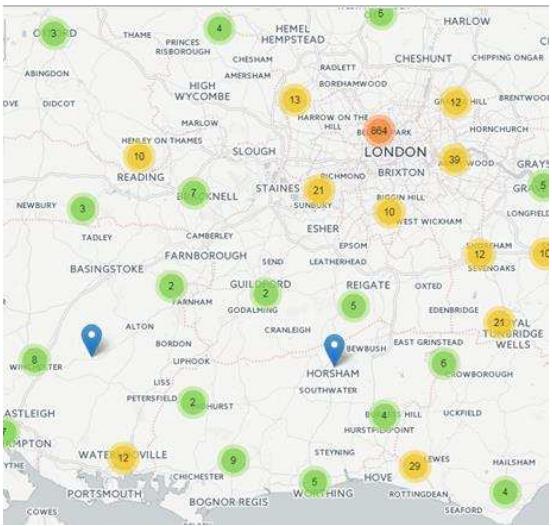
FIGURE ONE MAP OF SLAVE REPARATIONS IN THE SOUTH OF ENGLAND

Source: Legacies of British Slave Ownership https://www.ucl.ac.uk/lbs/maps/britain



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As a brief summary, this re-reading of the relationship between slavery and finance allows us to identify three qualities of risk that its subsequent development as a more quantified discourse.[55] First the primary relationship was defined in terms of property or interest which de-humanised the slave and their relationship with their owner. Once defined, the value of this interest could be protected by obligations placed on the owner of the slave. Second the physical distance of absentee plantation owners from the slaves they owned was possible by the de-territorialisation of their assets. Property law privileged whiteness in line with the prevailing social norms of the day.[56] But it also allowed slave ownership to be normalised and enforced beyond any territorial constraint that property rights may have entailed. Different national traditions of property rights were transcended in the trade in slaves and in the distribution of profits generated by their labour. Finally while the abolition of slavery was led by the British, the profits and even the practice of slave ownership continued to benefit British society. The

[54]Source: Legacies of British Slave Ownership https://www.ucl.ac.uk/lbs/maps/britain (last accessed 01.05.2017).

[55] As we discuss below, we believe that that these resonate with contemporary notions of risk and uncertainty in 21st century Europe.

[56] Cheryl I. Harris "Whiteness as Property" Harvard Law Review, Vol. 106, No. 8 (1993), pp. 1707-1791

abuse of slaves was as evident when they were sold in scrambles as in the punishments used to discipline them. But slaves were also displayed as a consumer product by a “sophisticated” society keen to demonstrate its wealth. As trinkets, slaves were distanced from the society where they lived through their commodification. The practice of slaving therefore de-socialised financial practices rendering them discrete from societal values. Although slaves became a common feature of aspirational households, they were differentiated from polite rational society. While abolition was an important milestone and a powerful symbolic gesture, it left powerful institutions and legacies in place that persist to the present day.

In a next step, we want to show that these three qualities used to differentiate between risk and uncertainty in Atlantic capitalism persist in financial practices to this day. The subsequent discussion is less interested in showing how finance and race relate empirically. Using the three qualities above, we instead offer a distinct interpretation of the EU’s Capital Market Union (CMU) agenda by examining the condition of possibility of the link between race and finance

III The Capital Market Union

Let us return to the example of the CMU. This was one of the central planks of the Commission’s program to reinvigorate the EU’s flagging economy at a time when Eurosceptic political pressures were beginning to build up to the BREXIT vote. For the UK in particular the promotion of Small and Medium-Sized Companies (SME) and the realization of a single market in financial services were long standing priorities. This was recognized in the appointment of a UK Commissioner Lord Hill as the lead Commissioner on CMU. The SME element of CMU was explicitly designed to demonstrate how the UK’s prize of financial service integration married with the broader interest of providing credit to SMEs across the EU.

In contrast to the often portrayed story that the CMU helps to generate future jobs and growth, we also want to demonstrate in this section how the qualities of risk also rendered race (and gender and disability) invisible through a similar discourse. In the next paragraphs, we want to show how financial practices are based on a) the de-humanisation of debt through the invention of interest (de-humanisation), b) the assumed potential for capital to translate value over geographical and cultural distance (de-territoralisation) and c) the imposition of rationality in investment decision making (de-socialisation). SME loans and the financing of the slave trade are not similar phenomena, but these logics that undergird them are.

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De-humanisation

The creation of SME asset backed securities (SME ABS) in debt markets, is an exercise in de-humanisation.[57] The securitizing of SME debt transfered the interest paid to the bank by the SME to a separate legal entity (a special purpose vehicle) that could then be sold on debt markets as an Asset Backed Security (ABS). This process of "securitization" turned a bundle of real life debts owed by shopkeepers and small manufacturers into an interest (ABS) that once separated from the bank, was also separated one move further from the debtors themselves. This allowed banks to reduce their capital leverage and to also generate a transaction fee for making the trade.[58] EU banks held far higher amounts of SME debt than their US counterparts because they were less inclined to sell on the securitised SME debt to bond markets.[59] This left them less able to comply with Basel III obligations and with less credit to pass on to SMEs. The public policy benefit was that this process also distributed financial risk across the financial system through the secondary markets in SME Asset Backed Securities. SME ABS were presented as making the EU banking system more stable while allowing banks to lend more to their SME customers.

Central to the process of securitisation was the definition of a new interest, the Special Purpose Vehicle (SPV), to hold the debt for the bank as an asset. By defining the interest as a security, offered now in the form of the SPV rather than a loan, the SME debt would take on a separate legal personality. This allowed it to become an "interest" just like the slave ship. This "interest" could then be serviced by a wide range of other financial products, like insurance, and also be traded and regulated. The originators of the SME ABS would charge a fee to show that it complied with new protocols (called STS "Simple, Transparent and Standardized") intended to demonstrate that the debt that went into the ABS was indeed secure. Credit Rating Agencies, for another fee, offered a risk score to these assets informing investors of what risks they were taking on. Regulators could therefore make demands on the pension fund which invested in

[57] Asset backed security incorporates securitization of claims, that is – the transformation of claims (which shows in the balance sheet) into tradable assets. Asset backed means that these claims are 'backed' by additional assets. As an example, these assets might be mortgages. Should the debtor default, the asset secures the value of the claim.
[58] See supra 56
[59] Orcun Kaya, 2014 "SME financing in the euro area New solutions to an old problem" [viewed 20/5/2016 at www.dbresearch.com]

SME ABS to ensure that they conducted due diligence on the assets they were investing in (for another fee).[60]

This definition of a loan as an interest held by a third party was therefore made possible by the separation of the debt of the SME from the SME itself. This was vital because EU's definition of an SME was so wide it describes 99% of the EU's economy[61]. An SME could be anything from a bio tech company to a cheese shop. The heterogeneity of this group made it so diverse that it was not possible to capture the qualitative characteristics of the owner manager, let alone how their market is affected by macroeconomic changes, regulatory obligations, changes in demand etc.[62]It was the very act of the abstraction of the SME's debt through the process of securitisation that translated it into a tradeable asset.

While the social context may have differed, and the physical and emotional violence is ostensibly absent, the technique was remarkably similar to the conversion of humanity into property through enslavement and from property into interest through an insurance contract. Complex troubling experiences were negated and reduced to tradable assets that could be reconditioned into futures that would generate profits for the owners of those assets. Asset owners found themselves in a position not only to determine when lives were traded, but also whether they were tradeable. Here, it is instructive to realise that the exercise of power comes in the definition of the future value of an asset rather than its past value. The futures regulated under CMU are no more related to the needs of SMEs as the post abolition economy was designed to compensate slaves for the abuse they suffered. In both cases it was the asset owners (slavers and bond traders) who traded to determine the future financial value of these assets.

Historically the determination of financial value has, through the evolution of financial markets and their expansion globally, been white. The fact that a CMU strategy was required indicated in itself the enduring historical ties between financial capital, national industrial capital and the state.[63] But the rationale that CMU would promote further European integration, rather than linking CMU to its global development agenda, or to a regional market that crossed

[60] In fact it was this very process of placing requirements on both banks and investors that was later seen to be a weakness of the proposal as neither were particularly competent to comply with these obligations.
[61] See "What is an SME?" https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en [viewed 25-11-2016]
[62] See Charles Dannreuther "A Zeal for a Zeal? SME Policy and the Political Economy of the EU" Comparative European Politics, Vol. 5 No 4 (2007), pp 377-399.
[63] These arguments have been extensively developed in the historical institutioanlist versions of the vatieties of capitalism. For example see John Zysman 1981 Governments Markets and Growth Ithaca Cornell

the Mediterranean to the Maghreb region, clearly indicated where the cultural boundary of risk and uncertainty set the limits of acceptable risk for a European financial market.

De-territorialisation

The second CMU technique for supporting SME finance was the promotion of "private placements" (PPs). Popular in the USA, PPs have seen limited development in the EU because of significant variations in national share issuance practices[64]. These allowed companies to sell shares to small groups of interested investors without disclosing commercially sensitive information required in a normal public offering. CMU built on a series of attempts to enable the selling of shares across the national borders of the EU. Private Placements attracted significant interest from investors in the USA. UK issuers dominated PP issuances and were predominantly orientated to companies in the USA.[65] The US law firm Clifford Chance, for example, suggested that PP was the singular most important element of CMU for SME capital[66]. Central to the promotion of PPs in the CMU package was the expertise of the US financial services sector with an eye to generate new fee incomes from the promotion of this new market. Indeed a newly formed Euro PP Charter was launched in 2014 with the support of the Banque de France, French Treasury and the Paris IDF Chamber of Commerce and Industry to promote the development of the sector[67].

From the SME perspective, the pursuit of private placements was either the alternative to failing domestic bank loans (including the traditional ("Schuldschein" in Germany)[68] or an

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[64] Lucia Quaglia "Completing the single market in financial services: the politics of competing advocacy coalitions" Journal of European Public Policy Vol. 17 , Iss. 7, (2010) ,pp. 1007-1023

[65] Department for Business, Innovation and Skill, 2012, „The Breedon Report Boosting Finance Options For Business" [viewed 11/5/2017 at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/32230/12-668-boosting-finance-options-for-business.pdf]

[66]Page 3 of Clifford Chance 2015 "Building a Capital Market Union Five Year Plan"[viewed 20/5/2016 at http://www.cliffordchance.com/thought_leadership/insights/capital-markets-union.html] EY (Ernst & Young) 2015 "EY US Private Placement Market Survey 2015 January 2015 Market" [viewed 20/5/2016 at http://www.ey.com/Publication/vwLUAssets/EY-USPP-market-survey-2015/$FILE/EY-USPP-market-survey-2015.pdf]; Allen & Overy 2013 ANNUAL REVIEW [viewed 20/5/2016 at https://www.aograduate.com/media/AO-Annual-Review-2013.pdf; Bryant, C. & J.Vasagar 2015 "Mittelstand goes into damage-limitation mode" Financial Times March 19, 2015 [viewed 20/5/2016 at http://www.ft.com/cms/s/0/d1b5b21a-a2eb-11e4-ac1c-00144feab7de.html]

[67] Euro PP Charter 2014 "FINANCING FOR MID-SIZED COMPANIES Charter for Euro Private Placements (Euro PP) Industry guidance document"[viewed 23/2/2017 at http://www.euro-privateplacement.com/Charter_for_Euro_PP-June_2014-EN.pdf]. See also ICMA "The European Corporate Debt Private Placement Market Guide [viewed 25-11-2016 at http://www.icmagroup.org/Regulatory-Policy-and-Market-Practice/Primary-Markets/primary-market-products/private-placements/the-european-corporate-debt-private-placement-market-guide/]

[68] Koller, R. 2014 Advanced Schuldschein Guide SIMMONS & SIMMONS LLP PUBLICATION [http://www.frankfurt-main-finance.com/fileadmin/user_upload/rmb/media/Advanced%20Schuldschein%20Guide.pdf]

opportunity for to attract international investors. At first glance, this initiative appeared to contradict the separation of company ownership and control as it implied greater investor engagement with the company. Yet in practical terms the main interest in PPs was from US legal firms seeking new opportunities in the EU to deliver services to potential investors. PP sales would allow wealthy US investors to invest in the EU with fewer regulatory safeguards, and so lower costs, than required in the US. This would make the fees charged by US lawyers appear more competitive especially in comparison to the more onerous and expensive legal safeguards in place in the USA. With distance no longer relevant, investment decisions could be more instrumental and quantifiable, allowing the value of the SME to be translated as an asset across national borders with ease. From this perspective, CMU was not just about the generation of wealth or promotion of future growth, but also about reducing the cost of long distance investment by removing the national investor protections that had accompanied private placements. That the focus of PP was predominantly about attracting investment from the USA rather than cash rich investors from high growth economies such as China, where there is already a burgeoning PP market,[69] also indicated a preference for the future ownership of European SMEs being more transatlantic or European than Eurasian or Asian.

De-socialisation

Finally CMU also aimed to promote venture capital (VC) supply across the EU. Risk capital was central to the EU2020 strategy of smart growth and a range of initiatives were designed to increase the supply of funds to innovators (eg "Risk Sharing Finance Facility"). Venture capital involves ceding control in exchange for equity investment and expertise usually for a limited period in a firm's growth. The venture capitalists usually realise their return by selling their shares to a small caps market like NASDAQ or AIM. Policies to promote venture capitalism were normally justified as providing high risk investments in new high technology companies and offering tax incentives to early stage investors was meant to encourage them to invest in unproven technology.[70] Again the US model was frequently referred to and the rationale for policy intervention made in terms of market failure, information asymmetry and competitiveness.

[69] Reuters 2017 „China's Private Placements Boom on Borrowed Time" 17/2/2017 [viewed 12/5/17 at http://uk.reuters.com/article/us-china-stocks-private-placement-idUKKBN15V2YN]

[70] EIB (European Investment Bank), 'Financing Innovative Firms through Venture Capital,' 2001 (http:\\www.eib.org/pub/pub.htm) ; Laura Bottazzi, & Marco Da Rin.2002 "Venture capital in Europe and the financing of innovative companies." Economic Policy Vol 17,No 3/4, pp.229-270.

The VC market was heavily concentrated in the UK with 48% of new funds raised in 2014 (France raised 16%).[71] The obstacles to a broader European market in VC were therefore significant. In addition to finding investors, few SMEs were investment ready[72] necessitating significant education and training for time starved entrepreneurs. Government support for the VC industry in the UK was shown to help companies in initial stages of their growth[73]. But the availability of data was limited making conclusions about the impact of political interventions costly and difficult to do.[74] Successful evaluations of the performance of high growth new technology companies were found to be less like gazelles and more like muppets "marginal, undersized, poor performance enterprises."[75]

More significantly, in the UK the VC industry had evolved into one dominated by Private Equity (PE) as investors sought safer returns in management buy outs. These quickly replaced the high risks investments that venture capitalists were meant to make in start up and high tech companies. The pursuit of low risk, high return buyouts investments by PE further underlined the disengagement of investors from firms. PE firms typically managed the assets of wealthy families and tended to exhibit a far more concentrated distribution of wealth than the VC sector.[76] Furthermore, while proponents of financial services argue that re-organizing the relationship between finance and capital benefits the general public good,[77] the Private Equity sector exists solely and explicitly for the private benefit of the investors.[78] PE investors often pitch the interests of the company managers as against those of the owners[79] while the

[71] EVCA "New Funds raised by country of the management team" EVCA, 2015 [22/12/15 at http://www.investeurope.eu/]. Sweden holds 7% then Germany and Norway at 4% (ibid)
[72] Colin Mason,. & Robert Harrison, "The Geography of Venture Capital Investments in the UK" Transactions of the Institute of British Geographers, Vol 27No 4 (2002), pp. 427-451
[73] Nightingale, Paul, and Alex Coad. 2013 "Muppets and gazelles: political and methodological biases in entrepreneurship research." Industrial and Corporate Change: dtt057.

[74] Colin Mason "Public Policy Support for the Informal Venture Capital Market in Europe A Critical Review" International Small Business Journal Vol 27 No 5, (2009), pp536–55
[75] Paul Nightingale,.& Alaistair Coad, "Muppets and gazelles: political and methodological biases in entrepreneurship research." Industrial and Corporate Change Vol 23,No 1 (2014), pp 113-143.
[76] CMBOR 2015 „European Buy---outs Report Full Year 2014" [retrievable at: https://workspace.imperial.ac.uk/business---school/Public/CMBOR/EUROPEAN%20BUY---OUTS%20REPORT%20FULL%20YEAR%202014%20OVERVIEW.pdf] (last accessed at 22/12/2015).
[77] Steven Davis,., John Haltiwanger, Kyle Handley,Ron Jarmin, Josh Lerner & Javier Miranda, "Private Equity, Jobs, and Productivity" American Economic Review, Vol 104 No 12 (2014), pp 3956–3990; John Paglia & Maretno Harjoto "The effects of private equity and venture capital on sales and employment growth in small and medium-sized businesses" Journal of Banking & Finance Vol 47 No (2014),,pp. 177–197
[78] Kevin Morrell, & Ian Clark 2010 "Private Equity and the Public Good" Journal of Business Ethics Vol 96 No (2010), 249–263
[79] Peter Folkman, Julie Froud, Sukhdev Johal & KarelWilliams "Working for Themselves? Capital Market Intermediaries and Present Day Capitalism" Business History,Vol.49, No4 (2007), pp.552–572

paying of tax[80] or the generation of employment[81] are presented as incidental. The PE sector specifically absolves the investor from anything other than the pursuit of shareholder value as there is no long term commitment to the company invested in. Private equity therefore represented a highly evolved, heavily de-socialized form of financial agency in contemporary capitalism. By dint of its association with venture capital it also stands to benefit significantly from CMU.

As a way of summary, we see how placing de-humanisation, de-territorialisation and de-socialiastion at the core of the financial practices of 'risk' provides a different reading of the contemporary financial practices underpinning CMU. From this perspective, the CMU is far less about the provision of wealth and future growth than about the positionality of the creditor vis-à-vis the 'tradable' asset. Entrepreneurs and their debt are now turned into a tradable asset whose productivity and imagination is translated into risk and uncertainty through the process described above. Securitisation redistributes SME debt risk (through the secondary ABS market), private placements allow lawyers to charge to refine investment risks so they can be sold internationally, and VC and PE abdicate the investor from any responsibility other than the pursuit of their own interests, allowing them to minimise their liabilities to their workers by selling off pension fund assets.

This brings us back to our focus on race and finance. One may wonder what does the definition of the asset in the debt futures market share with the depersonalized commodification of a slave? Of course, we are not suggesting that SMEs can be in any dimension compared directly with the lives of slaves. We only suggest that through risk the same qualities are at play back then and now. Both SME loans and the lived experience of slaves are determined as assets through the definition of interest. Both are de- humanised, de-territorialized and de-socialized using ancient conceptual techniques practiced in the financial sector for centuries.

However, once those assets have been created we see the power of finance in defining the value of the future. In this act, forms of insurance reflecting powerful hierarchies that privileged western Eurocentric concepts, values and techniques defined the exchange value of

80 Victor Fleischer, , "Two and Twenty: Taxing partnership profits in private equity funds." New York University Law Review. Vol 83,No 1 (2008), pp1-59

81 Nicholas Bacon, N., MikeWright, Natalia.Demina, Hans Bruining & Paul Boselie "The effects of private equity and buy-outs on HRM in the UK and the Netherlands" Human Relations Vol 61No 10 (2008), pp1399–1433 DOI: 10.1177/0018726708095709; Paul Boselie, & Bas Koene "Private equity and human resource management: 'Barbarians at the gate!' HR's wake-up call? Human Relations Vol 63,No 9 (2010), pp 1297–1319; Suzana Rodrigues & John Child "Private equity, the minimalist organization and the quality of employment relations" Human Relations Vol 63No, 9 (2010), pp. 1321–1342

assets against existing allocations of capital. The exercise of power was conservative in its definition of manageable risk and dismissive of that which was uncertain. But it was in the anticipation of asset value in the future that the slave found herself discriminated. It was not the assets but the futures that were defined by an agenda that was predominantly European. Just as the futures of slaves were defined to reflect the interests of white slave traders, so the future of the social economy was defined to reflect the interests of asset holders of European capital markets. The focus on a "European" Capital Market Union demonstrates the exclusive nature of this agenda as is the direction of the project towards American practices and investors rather than Asian ones.

To unpack the whiteness of the future we may need to seek more guidance from writers on black studies, critical race theory, and black marxism.[82] Unfortunately, it is beyond the scope of this article to develop a full account of the further explorations that are needed, but the work of Cedric Robinson comes to mind in his examination of the forgetting of black histories. In his own words "our glorious future depends on our capacity to remember, to connect our social consciousness with a collective history."[83]

We do hope that we have opened an alternative reading of current financial practices that, we think, also departs from the dominant Marxist or Foucauldian analyses. Marx recognised that capital treated labour and slaves differently:

> In the slave system, the money capital invested in the purchase of labour power plays the role of the money form of the fixed capital … the gain realised by a slave owner directly through the industrial employment of his slave … was regarded merely as interest (plus depreciation allowance) on the advanced money capital, just as the industrial capitalist under capitalist production places a portion of the surplus value … to the account of interest …[84]

Even though Marx in this quote shows an awareness of the de-humanisation as individuals were treated as assets, the concepts of alienation and accumulation characterises most of Marxist analyses of contemporary capitalism. In this context, commentators have

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[82] For example Y. Womack Afrofuturism: the world of Black sci-fi and fantasy culture (Chicago: Chicago Review Press, 2013), Cederic J Johnson, Black Marxism: the Making of the Black Radical Tradition (University of North Carolina Press, 2000), Alexander Weheliye, Habeas Viscus (Duke: Duku University Press, 2014) –among others.

[83]W.F. Santiago-Valles "Tribute to Cedric Robinson: Constructing a History of the Future", The Black Scholar, Vol 46 No4 (2016), p 18 5-10 http://dx.doi.org/10.1080/00064246.2016.1223479

[84] Karl Marx Capital II Lawrence & Whitshart (1974) page 483

introduced the notion of financialisation as a distinct 'mode of accumulation' that characterises contemporary political economies.[85] From a European perspective, the emphasis on the wage labour relation was central to the manufacturing relation that underpinned many of the national welfare compromises that characterised modern capitalism from the mid 19th to the 20th century. The observed conflicts around industrial manufacturing and capital accumulation then analysed the accumulation of past value through the extraction of surplus value. [86] . Conflicts between creditors and debtors over financial risk management takes on a much more prominent role over the distribution of future risks rather than the distribution of assets from the past.[87] The key 'conflicts' and paradoxes of modern capitalism have moved from labour to financial relations.[88] Yet moving beyond the European stories, this narrative is de-stabilised as the definition of the future was important already 200 years ago.

Our analyses also offer a different reading to a Foucauldian account. While much can be said about discipline and biopower in a financialized world, the concepts of race and risk play less a role in these discussions. While Foucault's writings on race in society must be defended and do offer a potential avenue for reconsideration,the concepts of risk and debt and thus the financial dimension are 'underdeveloped'[89]. Through a post colonial reading of finance we can see why debts takes on a new quality within our financialised economies and link them to the 'state apparatus' in a new way. This shows particularly well, we think, in the context of the CMU. More importantly it also shows the racial origins of modern financial capital because

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[85] See Roberty Boyer, Is a finance-led growth regime a viable alternative to Fordism? A preliminary Analysis. Economy and Society 29 (1), 2000, 111-45

[86] This is a core proposition of regulationst accounts such as Bruno Amable's 2003The diversity of modern capitalism. Oxford University Press. Others privilege institutional arrangements around social compromises that protect labour rights Marglin, Stephen A., and Juliet Schor, eds. The golden age of capitalism. Oxford: Clarendon Press, 1990 or acknowledge its importance Andrew Shonfield,"Modern capitalism." (1968);

[87] Eg Maurizio Lazzarato, The Making of the Indebted Man: An Essay on the Neoliberal Condition Semiotext(E) (Cambridge, MA: MIT Press).

[88]More recent political economy has started to explore how the assignation of workers as assets, principally in the form of debts held in a securitized bonds, have been supported by government policies in the run up to and aftermath of the 2008 financial crisis. Eg Susanne Soederberg. 2014 Debtfare states and the poverty industry : money, discipline and the surplus population Routledge NY There is a very interesting study to be done exploring how theories explaining the ability of labour to resist manufacturing capital apply to the ability of debtors to resist financial capital. ON the former see for example Walter Korpi 1989 "Power, Politics, and State Autonomy in the Development of Social Citizenship: Social Rights During Sickness in Eighteen OECD Countries Since 1930" American Sociological Review Vol. 54, No. 3 (Jun., 1989), pp. 309-328

[89] David Macey, "Rethinking Biopolitics, Race and Power in the Wake of Foucault" Theory, Culture and Society Vol 26 No 6, (2009), pp. 186-205. Kim Su Rasmussen, "Foucault's Geneaology of Racism", Theory Culture and Society, Vol 28 No 5 (2011), pp. 34-51.

as long as assets are described as interests which can be valued according to cultural stereotypes, inequalities can be reinforced around notions of “whiteness” and “blackness” with relative ease.[90]

IV Conclusion

This article explored the links between risk, finance and race. In our discussion, we suggested that risk as a quantitative rationality is stabilised through three qualities of de-humanisation, de-territorialisation and de-socialisation. These qualities were derived by a reconsideration of post-colonial contributions in IPE where importance was given to the way in which slaves were defined as property and then property was defined as an interest. This ‘unleashed’ the financial dimension (with insurance being an important part) from an abhorrent practice into an integral part of the first world’s first global economy. Abject horrors were forced on vast populations of innocent people on a truly industrial scale. Indeed the only time the death count of slavery was seen again was during the years of World War II. It may well have been that in time this form of exploitation was accommodated or even mollified by the progress of modern industrial democracy. However, we reject the representation of finance as an objective force that ‘allocates financial means’ and guarantees ‘access to credit’ in line with democratic demos. Instead, we argue that finance was and remains a machinery for control, exploitation, homogenisation, and de-humanisation.

At this point, we want to conclude by pointing out three lessons and hopefully promising avenues for future contributions. First, and eventually the most important lesson is that the post-colonial critique is very much operational today in unnoticed places, such as CMU. Individual small firms and the households they support are regularly turned into tradeable debt assets. Their experiences are separated from the value placed on the debt in the bond markets. While the private placement market appears to promote the social integration of investment risk through closer investor ties (or “crowdfunding”), it in fact challenges and undermines many of the traditional national structures which have protected investors. Second, and in line with the notion of risk and uncertainty here developed, the post-colonial moment for us is thus not to be found at the intersection of the past and the present, i.e. where questions of memory and (forced) forgetting are to be found. Rather we argue we should explore it at the intersection of the present and the future. The post-colonial critique is important in the very way the future is imagined

[90] Eg Charles Tilly,1998 Durable inequality. Univ of California Press,

and then made applicable through notions of risk and uncertainty. The future may be portrayed in quantitative terms through risk, but this quantitative rationality performs the three qualities of de-humanisation, de-territorialisation and de-socialisation. Instantly, this performs the three qualities of de-humanisation, de-territorialisation, and de-socialisation.

Finally our analysis shows that we currently witness a new constellation of power relations in finance that depart from classical Marxist and even Foucauldian trajectories. A focus on financialisation as bio-political power may reveal the technologies present in credit scoring but it fails to link them to the processes privileging financial capital that have endured from pre-modern times. A Marxist focus on financialisation as an economic relation omits the cultural and social violence that rests just beyond the view of economic analysis – in the disrespect of cultural discrimination and in the drudgery of household debt. Specifically we can draw from literature on race that shows how power relations, such as those historically defined by slavery, have become inseparable from a racial politics in understanding debt and indebtedness. To be in debt is to be defined by a history of power relations that stretch back before memory. [91] This allows us now to understand how a financialised debst society creates racialized futures through risk and why risk is such an important albeit neglected dimension for understanding the racial consequences of financial practices. We hope to have shown that race is not just the product of racist policies (that as well), that could be somehow turned around, but the question of race is much deeper inscribed in financial operations themselves, i.e. in the way they imagine and shape our future. Our focus on a racialized financial future also enables us to explore how literature that has imagined futures sensitive both to the lessons of the past and to the limitations of western philosophical traditions can inform our analysis of financial markets[92]. A focus on financial inequality may reveal the symptoms of an unjust decision, but it does not explain an enduring form of power that is still capable of denying the value of another life.

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[91] Frank B. Wilderson 2010 Red, White & Black: Cinema and the Structure of U.S. Antagonisms Duke UP

[92] On contemporary Afrofuturism Y.Womack 2013 Afrofuturism: the world of Black sci-fi and fantasy culture. Chicago Review Press and on the limitations of bio politics A.Weheliye 2014 HABEAS VISCUS Racializing Assemblages, Biopolitics, and Black Feminist Theories of the Human Duke University Press Durham and London