

Dynamics of Attribution of Responsibility for the Financial Crisis

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Submitted in partial fulfillment of the
Requirements for the degree of
Doctor of Philosophy
in the Graduate School of Arts and Sciences
COLUMBIA UNIVERSITY
2016

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ABSTRACT

Dynamics of Attribution of Responsibility for the Financial Crisis in the United States (2007-2010)

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Many recent books and articles have aimed to account for the recent financial crisis. They have exposed the facts, identified the causes, and assigned responsibility. They have proposed solutions to prevent a similar crisis to happen in the future. The debate is still ongoing, revealing a process of History in the making. My dissertation builds on this debate, but it does not contribute to it. I do not try to understand who is responsible for this crisis. I instead try to grasp how responsibility for this crisis was constructed. I explore the production of - and response to - a discourse of accusation. To study accusation discourses, I conducted a media analysis of three main national newspapers: *The New York Times*, *The Wall Street Journal*, and *USA Today*. I show how a blame game dominated by Democrats participated in the crystallization on Wall Street's responsibility. To study responses to accusation discourses, I conducted thirty-three interviews in three Wall Street banks from Fall 2008 to Summer 2010. I show that bankers became increasingly defensive over time, while never accepting any personal responsibility for the crisis. Similarly, they reject the label of the "greedy banker." Overall I argue that the complexity of modern social arrangement loosens the intrinsic connection between responsibility and accountability.

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ACKNOWLEDGMENTS

I am grateful for the advice and support of my advisor, David Stark, and my co-advisor, Peter Bearman, and my dissertation committee, Diane Vaughan, Marion Fourcade, and Josh Whitford; Carlos; my friends, Larissa Buchholz, Manuel Covo, and Catherine Tan; my family. So if this manuscript is not on par with your expectations, I am not the only one to blame.

Chapter 1

The Blame Game

In *Violence and The Sacred* ([1972] 1977) René Girard dissects the myth of Oedipus the King. The myth of Oedipus the King is known as a story of parricide and incest. It is the story of a man who became King of Thebes, whilst in the process fulfilling the terrible prophecy that he would kill his father Laios and marry his mother Jocasta. The myth exposes the irony of a man committed to uncover the truth about his father's murderer, since his punishment could put an end to the plague affecting the city. The murderer turns out to be none but himself. Oedipus is driven into exile. Or at least this is the version of the myth that everybody knows. Girard presents the myth as the outcome of a blame game. It is the symbol of the victory of one party against another. Many actors could have been held responsible for the plague affecting the city. Oedipus, his father Laius, his brother-in-law Creon, and the prophet Tiresias are all guilty of having destabilized the social order. All four share responsibility for undermining the institutions of monarchy and religion. For instance Laius should not have kicked his own son out of the city in the first place, after hearing the prophecy that his son would later kill him. Actually every citizen participated in the destabilization of the social order. The city is affected by thousands of individual conflicts between thousands of enemy brothers.

During the play, Oedipe, Creon, Thiresias accuse one another. They take cues from the oracles to destroy one another. They reveal the faults of the other party, without ever recognizing their own. Oedipus accuses the prophet Thiresias of having participated in Laios' murder, which forces Thiresias to respond with the same accusation. At this stage, the game of accusations and counter-accusations is equal. Blame swirls above the city, without taking any definitive direction. After a series of investigations, blame will finally crystallize on Oedipus. The myth represents the

adoption by the community of a version that at first only belongs to Creon and Thiresias, but then does not belong to anyone in particular, as it has become the truth of the myth itself. With the adoption of a common truth, the pattern of each against another gives way to a unified antagonism against Oedipus. This violent unanimity liberates the city. Violence ends because each is convinced that Oedipus' actions did bring the plague to the city. Oedipus himself will accept his responsibility. He leaves to an exile of endless suffering. His name is forever associated with the dual transgression of parricide and incest, which brought the plague to the city of Thebes.

At first sight it appears that the myth of Oedipus the King and the recent financial crisis in the United States have nothing in common. In this dissertation, I reveal a similar process of construction of guilt for the plague and the financial upheaval. I do not take this process of construction of guilt for granted, but instead expose how it was constructed. I move away from normative accounts of the crisis, and analyze the production of – and response to – a discourse of accusation for the crisis. Through a media analysis, I show how a blame game dominated by the political sphere led to the crystallization of blame on Wall Street. This crystallization is the outcome of the victory of some parties against others. Like the plague affecting Thebes, the explosion of the financial system gave way to a period of turmoil. The high level of public anxiety in front of an unanticipated disaster triggered a frenzied search for guilt. Blame moved in many directions, without crystallizing on any specific actors. Many actors could be held responsible for the crisis, like in Thebes. Testimonies against one or another potential culprit accumulated, until a main culprit was finally defined: Wall Street.

The crystallization on Wall Street's responsibility is the outcome of a blame game. I define a blame game as a dynamic process of accusations and counter-accusations. The political sphere, and Democrats in particular, dominated the blame game. The political sphere managed to orient

the public discourse, through public speeches, congressional hearings, and public investigations. As in the myth of Oedipus the King, guilt does not fall from the skies, but is the triumph of one version against rival versions of the story. Any proof, testimony, argument is going to spread in the city, and turn into a solid thesis in the process. With its adoption, the pattern of each against another gives way to a rather unified antagonism against Wall Street. And again, this violent unanimity liberates the city. In sociological terms, we move from unsettled to settled times. A blame game is a mechanism to reestablish a disrupted social order.

Girard exposes how one party's version becomes the truth of the myth because no one contests it any longer. No one protests against fixing guilt for regicide on Oedipus alone. Oedipus himself accepts his responsibility, and the stigma attached to parricide and regicide. He will accept the proofs, testimonies and arguments held against him. He will believe that his dual transgression brought the plague to the city. No such thing happened during the financial crisis. First, the debate on responsibility is still ongoing, albeit at a slower pace. The Financial Crisis Inquiry Commission Report (2011) itself, which was supposed to provide a definitive account of the crisis, contains three different versions: one supported by the six Democrat members of the commission, one supported by three Republican members, and a final one supported by another Republican member of the commission, in disagreement with his ideological peers. The commission's role was to identify the facts, explore the mechanisms, and establish responsibilities. Its conclusions were "an attempt to record history, not to rewrite it, nor allow it to be rewritten" according to its authors (Financial Crisis Inquiry Report 2011: xv). But even the report itself allows for history to be rewritten.

The debate is still ongoing, and the main designated culprits dodge any responsibility. During the hearings of the Financial Crisis Inquiry Commission, its head Phil Angelides tried hard

to push Wall Street CEOs to accept responsibility for the crisis. He decided to hold them first to account. This decision was of course highly symbolic. The commission did not decide to call to account policy makers, regulators, or mortgage lenders first. It went for the Wall Street titans whose names were constantly in the media. Angelides was a former California State Treasurer with a reputation as a pit-bull. But no matter how hard he tried to push them, the bank CEOs generally dodged responsibility for the crisis. They argued that the crisis was unpredictable, like a hurricane affecting a city. Jamie Dimon, CEO of JP Morgan, said that when his daughter asked him what a financial crisis was, he told her that it was “something that happens every 5 to 7 years.” Wall Street CEOs also claimed that they were unfairly vilified. They cited the role of mortgage lenders, regulators, and credit rating agencies, to name a few. They deflected blame to other actors. In other words, they played the blame game.

Their denial echoes the responses of the thirty-three Wall Street bankers that I interviewed from the Fall of 2008 to the Summer of 2010. I show that the bankers that I interviewed never accepted any responsibility for the crisis, and never endorsed the label of the “greedy banker.” In line with CEOs’ responses, they generally thought that the public discourse was populist, biased, and misinformed. They continued playing the blame game, and cited the role of many other actors who should be held responsible. If many actors could be held responsible for the crisis, why should they be singled out? I relate this outcome to the complexity of the crisis, to their elite status, and to their distance towards potential victims. I argue that the complexity of modern social arrangements means that responsibility cannot be easily attributed nor assumed. A complex crisis raises what Thompson (1980) called “the problem of many hands”: since many actors contributed to the disaster, at various level, and to different degrees, responsibility is very difficult to attribute. Conversely, I show that actors are not compelled to take responsibility for the disaster. Contrary

to the myth of Oedipus the King, it is not a story of a battle of two against one to solve the mystery of the plague. It is a battle of many against many to solve the mystery of an intricate financial upheaval.

Indeed, since Wall Street's responsibility is now taken for granted, we tend to forget how extraordinarily difficult it is to assign responsibility for the crisis. The problem is that this failure was both collective and complex. The first difficulty is that the list of potential perpetrators is always very long in a system-wide crisis. Thompson (1980) restricted his analysis to an organization when he analyzed the "problem of many hands," but it is taken here at the level of a global economic system, composed of a myriad of industries, organizations, employees. How can one judge the behavior of actors with different motives, different situations, and different constraints? And how can one distinguish actors whose contribution to the outcome is significant enough to warrant blame? The second problem is that they are all interconnected. The examination of one actors' responsibility brings up the responsibility of others. How do you objectively measure an actors' contribution in a tightly interconnected system? How do you disentangle Wall Street's responsibility from the responsibility of other actors, in the political and business spheres? Maybe Wall Street would not have taken excessive risks if politicians had not deregulated the financial industry, if regulators had played their role, if... The counterfactual reasoning can be endless in a long causal chain.

The third problem is that it is difficult to understand their actions. The problem is particularly acute in the financial industry: what is a mortgage backed security, a credit default swap, a collateralized debt obligation? How were they used and by whom, and to what effect? The financial world has become incredibly sophisticated since the 1980s, which prevents lay people, or even experts, to assess how it operates. Way before the crisis, George Soros, the prominent

financier, admitted to avoid dealing with derivatives, because he thought that we didn't really understand how they worked. The final challenge is to access and process the information. It is difficult to know both what happened within the incriminated organizations, and how they were connected to each other. The complexity of organizational structures acts as a screen, impeding a clear interpretation of events, for both insiders and outsiders (Vaughan 1996). Because of the multiplicity, interconnectedness, abstractedness of potential perpetrators and their actions, attempts to know and interpret a situation become extremely difficult.

We tend to forget how difficult it is to attribute responsibility for the crisis, and that responsibility could have crystallized on another actor. The crystallization on Wall Street might seem unsurprising today. A simple historical comparison shows that History could have taken a different turn. Blame could have crystallized on other actors. President Hoover was widely blamed for the Great Depression, at least as much as the titans of Wall Street. He underestimated the seriousness of the crisis, calling it "a passing incident in our national lives." He assured Americans that it would be over in sixty days. A firm believer in rugged individualism, he refused the principle of a federal intervention in the economy. He was widely ridiculed: an empty pocket turned inside out was called a "Hoover flag." the decrepit shantytowns that were springing up around the country were called "Hooverilles." It seems quite startling then that President Bush's name is not greatly associated to the recent financial crisis. After all, his administration was in power for the eight years that led up to the disaster. Right-wing commentators feared that Bush was going to become the new Hoover.¹ They thought that Obama was going to adopt Franklin Delano Roosevelt's

¹See for instance the following articles: "Declarations: Why It's Getting Mean," *The Wall Street Journal*, September 20th 2008; "Get Ready for the New Deal," *The Wall Street Journal*, October 21st 2008.

strategy. He would vehemently attack his predecessor to lay the groundwork for his New Deal remedies. Nothing of the sort happened.

A geographical comparison can be useful too. Jose Luis Zapatero, the young and rather popular Spanish Prime minister, faced the same destiny as Hoover. He greatly underestimated the depth of the economic crisis, and reacted way too late. This late reaction meant the response, when it came, was extreme: a pensions freeze, civil service pay cuts, unemployment benefit cuts, raising the age of retirement, and hastily negotiating a constitutional reform to limit the deficit. The economic impact of his policy is controversial, but its political impact is certain. He was heavily blamed for worsening the Spanish economic crisis. His policy was perceived as a betrayal of his socialist convictions. He left office in 2011 with the lowest approval rate any prime minister had ever received since the 1970s. The example of the Great Depression, and of the Spanish recession, confirm a fact well-known to political scientists. The government tends to get blamed for unfavorable economic conditions. But President Bush, who was already widely unpopular at the beginning of the crisis, was never the main target of ire for the crisis.

Understanding how and why blame affixed on Wall Street, but was rejected by Wall Street bankers, implies the need to analyze the complexity of the crisis, the power dynamics at play, and the resonance of the accusation with the American public. I structured this dissertation in three parts. The first part is a theoretical reflection on the concept of responsibility, and its evolution over time. I build a genealogy of the concept of responsibility. I track the emergence and development of the term “responsibility” using the N-Gram tool. I posit that the linguistic evolution of the term is reflective of wider social changes. I argue that the deep transformations of the modern era, characterized by urbanization, industrialization, technologization, and globalization, have implied a constant need to redefine the obligations of individuals towards one

another – hence a redefinition of the essence of responsibility. Modernity and responsibility are intertwined concepts. I show that the complexity of modern social arrangements means that responsibility can neither be easily attributed nor assumed. Responsibility becomes diluted within the collective.

This situation leads to the explosion of normative discourses on responsibility. This new trend is manifest in concepts such as corporate social responsibility, precautionary responsibility, or collective responsibility. Actors should take into consideration the nebulous other, in the present and in the future, in their decision processes. The contract of responsibility that it entails is arguably ill-defined. Responsibility is more of an incantation than anything else. It also leads to a reemergence of social processes of accusation. The impossibility to hold people or organizations accountable does not equate with an absence of culpability. The multiplication of occurrences of potential victimization, coupled with the difficulty to hold perpetrators accountable, lead to a frenzied search for guilt. This first part lays the foundation of my dissertation by illuminating the underpinnings of responsibility in the modern era. It places the frenzied search for guilt for the financial crisis in a socio-historical context.

The second part of the dissertation analyzes the production of discourses of accusation for the crisis. I conducted an in-depth analysis of three major national newspapers (*The New York Times*, *The Wall Street Journal* and *USA Today*) from 2007 to 2010. The rationale for focusing on the media is two-fold. The media is a master forum, which reveals the collective processes of sense-making. The media is also a force instigating social change. It defines and enforces the line between moral and immoral behavior. I constructed a dataset of 5,712 blaming patterns (actor A blames actor B) drawn from over 1,200 articles containing discourses of accusation. My approach enables me to connect accusatory frames to the actors who produce them. The success of an

accusatory frame cannot be reduced to its resonance with a wider historical, cultural, and political context. Frames do not emerge ex-nihilo, and compete on their own merit. They are actively pushed by actors engaged in an uneven power game.

Using network and textual analysis, I show how a blame game participated in the construction of a dominant narrative centered on Wall Street's responsibility. In the fall of 2008, the explosion and bailout of the financial system opened a deep period of soul searching. Blame moved in many directions, but mostly focused on the political sphere. But through public speeches, congressional hearings, and public investigations, the political sphere managed to deflect blame to Wall Street, in particular by focusing on the image of the "greedy banker." Moral wrongfulness is particularly important to pinpoint in a context where causality is both multiple and difficult to establish. The greed of a banker is easier to understand and evaluate than the consequences of his/her abuse of derivatives – although both matter in the construction of a story. Overall I show that a blame game is not an irrational outburst of anger; rather, it is a structured and dynamic process of boundary drawing, led by actors powerful enough to shape the public discourse.

The third part of my dissertation focuses on the responses to discourses of accusation. I conducted thirty-three in-depth interviews at three major Wall Street banks. I chose respondents from different banks, departments, nationalities and levels of seniority, whom I interviewed continuously from the fall of 2008 to the summer of 2010. The rationale for conducting these interviews was two-fold. Empirically, the research design also enables me to capture the dynamic interplay between accusation and answer, and show how it evolves over time. It also enables me to get a better sense of the logic that individuals use when assigning responsibility, which a media analysis cannot provide. Theoretically, my research design was meant to move away from the under-socialized and cognitive approach adopted by psychologists, who have dominated the study

of individual responsibility attribution and assumption so far. I believe that understanding individuals' responsibility assignments requires that we re-embed them in their specific contexts: national, structural, and temporal.

I show that bankers became increasingly defensive over time, while never accepting any personal responsibility for the crisis. This was the case even at the highest levels of seniority. If responsibility for the crisis is difficult to localize, because it is distributed, it is also difficult to assume personally. Depending on their seniority, the bankers justified their denial of responsibility differently. Young respondents generally argued that they did not cause the crisis, because they lacked decision-making power. Older respondents tended to develop a longer and stronger defense, based on a lack of foreseeability. The only palatable way to assume responsibility for the crisis was to admit guilt by association. Some respondents maintained that they had a collective responsibility, because they belonged to an organization that was at fault. Such an assumption of collective responsibility, however, serves to dilute the moral significance of responsibility. By laying the fault at the institutions' door, it absolves the individual. Overall, the discrepancy between diagnoses of responsibility for the crisis and its consequences (in bankers' perceptions, in prosecutions, and in regulations) raises questions regarding accountability for complex and collective crises.

Chapter 2

Grounding the concept of responsibility

This chapter grounds the concept of responsibility. It tracks the emergence of the term “responsibility,” its development, and its social significance, positing that the linguistic evolution of the term is reflective of wider social changes. The concept of responsibility suffers from a paradox: although it is firmly established in classical juridical law, both penal and civil, there is a puzzling dispersion of uses of the word, going well beyond the limits of its juridical use (Ricoeur 2000). This is all the more surprising as the word “responsibility” emerged quite late in the English language, in the 18th century. The term was rapidly adopted into common usage. It was also rapidly invested with a plurality of meanings, making it an ambiguous and multilayered word. This chapter aims to define the concept of responsibility and to reflect on its connections with modernity. I define modernity here as the social structure and discourses consequent to the Age of Enlightenment.

I argue that the deep transformations of the modern era, characterized by urbanization, industrialization, technologization, and globalization, have implied a constant need to redefine the obligations of individuals towards one another – hence a redefinition of the essence of responsibility. Modernity and responsibility are intertwined concepts. Modernity reshapes the traditional ethical questions: to whom is one responsible, for what, to what extent? This chapter thus lays the foundation of my dissertation by illuminating the underpinnings of responsibility in the modern era. By showing how and why responsibility became such a prevalent concept in modern times, it places the frenzied search for guilt for the financial crisis in a socio-historical context.

THE QUEST FOR RESPONSIBILITY

Defining responsibility

Grounding the concept of responsibility is an arduous task, for three reasons. First, as Levy-Bruhl (1884) puts it, the apparent clarity of the term is an illusion – an inescapable illusion, owing to the close connection between responsibility and other moral concepts, such as freedom, justice, remorse and morality. The difficulty is to locate the conceptual space where the notion of responsibility falls. Second, as any moral concept, it is both widely supported and contested. Anyone supports the idea of responsibility, although there is no general agreement on what it means. Responsibility embodies values that are not universally accepted. Each society, group, or even individual has its own understanding of what responsibility entails. This understanding is not always expressed explicitly, which reinforces the indetermination of the term. Third, the word “responsibility” has many different meanings in common parlance, which I will break down into three categories that will structure this chapter’s argument.²

Prospective responsibility (a) defines the duties attached to a particular role, which can lead you to be called to account for your actions. The President of the United States is responsible for the conduct of a nation. **Retrospective responsibility (b)** defines a situation in which a person is judged for her actions, which might lead to a sanction. Retrospective responsibility can be

² The typology builds on, and departs from, Hart’s canonical work (1968: 211-30), which distinguishes 5 types of responsibility: as cause, as liability, as capacity, as task, as virtue. To some extent, retrospective responsibility corresponds to the notions of causality (and capacity), while prospective responsibility corresponds to the notion of task. As I show, both entail a notion of liability, or accountability, which is intrinsically linked to the notion of responsibility.

equated with credit or blame. Interestingly, it is more often used for the later. In case of an economic crisis, the general public will tend to blame the President and penalize his political party in the next elections. Responsibility can also be defined as a **virtue (c)**: we praise a person as being responsible. The President will be praised for his or her moderation, consistency, courage and foresight. The three dimensions of responsibility are intrinsically linked: I can be designated responsible in the present (a) on the basis of the duties (b) and virtue (c) that I had in the past.³ The notions of prospective, retrospective, and virtuous responsibility can be related to the following questions: What is to be done? Why did you do it? How should it be done?

The word responsibility comes from the Latin word *respondere*, implying the capacity to give an account. Responsibility is intrinsically linked to the notion of accountability. The absence of this obligation to account to a forum would challenge our thinking about responsibility (Bovens 1998). The common use of the word “responsible” is indicative of this link between responsibility and accountability: I am responsible *for* something/someone *to* someone, who can call me to account. Thus, contrary to philosophers, I perceive responsibility not as an essence, but as a relation – a contractual relation, defined and redefined by accountability processes. Responsibility doesn’t belong to the “inner world of the mind” (Feinberg 1970: 32). Thus the questions characterizing prospective, retrospective and virtuous responsibility (What is to be done? Why did you do it? How should it be done?) are always defined in interaction.

³ Paul Fauconnet (1920: 11), in his study of responsibility, defines judgments of responsibility as the application of rules which define who is to be designated as responsible, i.e. to bear a sanction: « la responsabilité est la qualité de ceux qui doivent, (...) en vertu d’une règle, être choisis comme sujets passifs d’une sanction ». The three notions of responsibility are conflated in his work.

Following Bovens (2007), accountability is defined here as the “relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct.” The forum can be formal – for instance courts, company boards, congressional hearings, or the media – or informal – kin, colleagues, or even one’s own conscience. Processes of accountability might lead to a sanction, which can again be formal or informal. A court decision or a tarnished reputation can both be counted as a sanction: being called a “greedy banker” rather than a “master of the universe” is a sanction.⁴ By holding each other to account, people maintain a certain regularity and predictability in their relationships. Accountability serves to enforce social control because it participates in the internalization and reproduction of social norms of appropriate behavior.

Responsibility, accountability, and the social order

A reflection on responsibility and on its evolution over time is at the core of the sociological project, which tries to answer the Hobbesian question: how is social order possible? I contend that the basis of the social order rests on contracts of responsibility, which shape social practices, institutions and structures. I build on existing theories of the social order, which are broadly speaking of two kinds: theories of the social contract and theories of shared norms and values. Theories of the social contract rely on the premise that individuals surrender some of their freedom in exchange for the protection of their remaining rights by the State. The approach taken here is

⁴ As Fauconnet puts it (1920: 40): “sentences, public blame, rewards and praise, pecuniary compensation, are [all] sanctions.” [my own translation]

that the contract between citizens and the State is but one of the multiplicity of contracts that hold a society together.

The contracts define the obligations of actors towards one another, be they individuals, institutions, or abstract entities such as the State. The contents of the obligations depend on the role of the actors: the obligations of the father towards his son, and of a son towards his father, are defined by their respective roles. Each social actor is embedded in a multiplicity of contracts defined by the multiplicity of roles that actor takes, as father, as spouse, as worker, as citizen, etc. Each actor, be it an individual, an institution or an abstract entity, is thus a nexus of contracts, which imply obligations which might on occasion be conflicting. The obligations of a father to his wife, son, and employer might impose demands on him that are not easily reconcilable.

The approach is consistent with the idea that shared social norms form the moral basis of society, resulting in social integration. Contracts define obligations that are embodied in norms of appropriate behavior. However, some disagreement might emerge on the content of the obligations that actors have toward one another, which will lead to disputes, with rival claims that are evaluated according to principles of justice (Boltanski and Thevenot 1991, Boltanski and Chiapello 1999, Stark 2009). Actors will then have to produce accounts. Thus if contracts map out the structure of society, the principle of accountability is the centrifugal force that ensures its reproduction. In line with Habermas's *Theory of Communicative Action* (1985), the theory presented here insists on the role of communication in the social arena.

However, the social order is perceived to depend not on *accounts*, but on *accountability*. It is because of actors' *capacity* to hold each other accountable to their perceived mutual obligations that society holds together. Habermas's theory explains how actors will coordinate their actions

prospectively: actors coordinate their goals on the premises that these goals are valuable. But social coordination should be examined both prospectively and retrospectively. So the structuring question is not only: “what should you/we do?” but also “what have you/we done?” The theory presented here then seeks to emphasize the “dramaturgical nature of the public sphere” Adut (2005), which has tended to be downplayed in the recent literature, in part because of the massive impact of Habermas’ ideas. The public sphere can be prone to conflicts. Reflecting on how the modern era has reshaped how individuals define their obligations towards one another and how they can hold each other accountable to those obligations becomes crucial owing to its effect on the social order.⁵

A dialog with philosophical reflections on responsibility

By investigating how the transformations of the modern era have reshaped the concept of responsibility, the approach taken here differs from philosophical approaches, which have dominated the study of responsibility so far. The study of responsibility, which emerged in the middle of the 19th century, has boomed in the second part of the 20th century. It is now a vast field of inquiry in philosophy, which mainly focuses on debates around moral agency and necessity. The question that philosophers mainly focus on is: could the notion of free will entailed by moral responsibility be compatible with modern theories of determinism?

⁵ The possible contradiction between the late appearance of the word responsibility and the posited role of accountability in the reproduction of the social order is rather misleading. The essence of the social order doesn’t depend on the appearance of words: actors can hold each other accountable on their perceived mutual obligations without using the words responsibility or accountability. The social order refers here to an abstract concept, which finds its realization in a set of social structures, institutions and practices.

As a sociologist, I move away from those normative debates, and try and understand how the notion of responsibility is grounded in, and in return grounds, a social structure. I follow Durkheim's student Paul Fauconnet, when he argues that "it is the *idea* of responsibility that philosophers and jurists focus on: an extremely abstract concept which they analyze logically and dialectally. However, there are responsibility facts." (Fauconnet 1920: 1) In line with Durkheim's argument that morality should be studied "as it is," and not "as it should be" (Durkheim [1893] 1964: 9), Fauconnet is trying to analyze responsibility scientifically rather than normatively. He aims to participate in the creation of a "positive science of the moral." He argues that responsibility is "a social reality, in a way, to the power 2; it is the representation that a society has of its own institutions" (Fauconnet 1920: 2).

Following his lead, I show how the notion of responsibility is the reflection of the evolution of a social structure: the substance of responsibility is grounded in specific relations and in a specific context, and cannot be defined universally. However, I incorporate the growing interest in the study of responsibility in philosophy as itself reflective of wider social changes. Following Ricoeur (2000), I posit that the late emergence of the field of responsibility in philosophy, and its explosion in the 20th century, reveal a recent need to redefine the boundaries of humans' obligations towards one another. In the modern era, a reflection on responsibility responds to a social need to reinvest social relations with moral dimensions.

In my endeavor to capture the essence of responsibility in modern times, I follow the path opened by two major philosophers, the American Richard McKeon (1957) and France's Paul Ricoeur (2000), who offer persuasive accounts of the evolution of the meaning of the word.⁶ Both

⁶ Ricoeur does not cite McKeon in his work, which is quite surprising. He does not begin his piece by a literature review on the philosophical work on responsibility, as McKeon does. Rather, he starts from an analysis of the closest

authors place the modern obsession with responsibility in historical light, and thus distinguish themselves from most contemporary philosophers, who present judgments of responsibility as universal. Their respective pieces focus on the historical emergence of the term in the 18th century and analyze its key analytical components, which they define as imputation and accountability. The two notions, which can be traced as far back as ancient Greece, provide philosophical ancestors to the notion of responsibility. While both reflections on the philosophical developments of the notion of responsibility are interesting and probably informed common definitions of the word responsibility, I will focus here on the more recent historical process of development of the word provided by the authors.

The two approaches, which heavily informed mine, are worth detailing successively – albeit briefly. Although McKeon’s and Ricoeur’s approaches might seem quite dissimilar at first sight, they both reach the conclusion that responsibility embodies the tension between the individual and the collective in the modern era, which will be a central theme of this chapter. McKeon connects the evolution of the word responsibility to a constant expansion of democratic ideals since the American and French revolutions. The principle of self-government promoted by Republican ideals called for self-regulated individuals, and thus for a deepening of the concept of responsibility, which would connect the political, moral and cultural spheres.

However, the increasing movement of recognition of different cultural norms within and between societies led to a tension between individuals’ aspirations to self-government and the consequences of their actions for others. McKeon believes that the responsabilization of the

philosophical ancestors to the notion of responsibility. He goes on to analyze the Kantian conception of imputation and causality. For a more detailed comparison between the work of Ricoeur and McKeon see Keltly (2008).

individuals could resolve this tension. In front of a pluralism of norms and values, the concept of responsibility becomes the principle that could sustain discussions of the morality of individual and political action without a commitment to a unified body of values. The moralization of individuals counterbalances the centrifugal forces exerted on the community by the pluralism of norms and values.

McKeon offers a compelling account of the evolution of the notion of responsibility, which is based on the premise that the political domain has shaped the evolution of the word responsibility. However, by restricting his analysis to political factors, he neglects other forces which have shaped the concept of responsibility, particularly in the 20th century. Ricoeur proposes a complementary analysis: he leaves aside the political sphere and focuses rather on the moral and juridical spheres. Ricoeur argues that the modern explosion of risks has profoundly reshaped notions of responsibility: it renders difficult the imputation of faults in the juridical and moral spheres. What is at stake is the objective evaluation of the prejudice, rather than the link between the deed and its perpetrator.⁷

In a society oriented towards the victims of risk, the conception prevails that one is no longer responsible for one's actions, but for other people, especially the vulnerable, the fragile, or most susceptible to harm. The expansion of one's sphere of responsibility to the generalized other means that responsibility is vastly expanded in time and space. This conception triggers a burning question: how can an individual assume responsibility for the generalized other? Interestingly,

⁷ The emphasis in civil law is placed on the victim, who is asking for retribution, rather than on the perpetrator. The notion of "professional risk", established in Western countries from the late 19th century on, epitomizes the passage from a logic of accusation to a logic of insurance. The sociological literature on work accidents (Chateauraynaud 1991; Ewald 1986) exposes this phenomenon.

while he starts from a very different standpoint than McKeon, Ricoeur reaches the same conclusion of the necessary moral reinvestment of human relationships in the modern era. The modern era produces a tension between the individual and the collective, which finds its resolution in ethics itself. Moral judgment should dictate the actions for which one can reasonably be held responsible.

McKeon and Ricoeur both consider that responsibility became a structuring concept in the modern era, which responded to the political, moral and juridical transformations of society. Neither of them considers how the evolution of the social fabric itself might call for a redefinition of the use of the term responsibility. The constant expansion of democratic ideals and the increasing prevalence of discourses on risk are two among the many trends which have shaped modern society. The vast transformations of the modern era have profoundly reshaped the organization of society. The historical transition from embeddedness in small social worlds to the intense but loosely knit social life typical of modernity profoundly affects how individuals relate to each other and to their community.

A sociological account, which re-embeds actors in a wider social structure, can thus further McKeon's and Ricoeur's approaches. Moreover, both authors assume that ethics efficiently structures discussions of individual and political action, in line with the orientation of the field of philosophy. However, a different interpretation of this renewed insistence on ethics can be given. This renewed insistence can be seen as counterbalancing the effects of a loosened social structure, where social control cannot operate the same way as it does in small social worlds.

The aim of this chapter is two-fold: tracking the evolution of the word responsibility over time and assigning meaning to this evolution. I will tackle those tasks successively. In the first part, I analyze the evolution of the concept from its adoption in the 18th century to its modern

definition. I focus here on the American context, and offer comparisons with other Western democracies to confirm the general trend of an explosion and shattering of the use of the word responsibility in the modern era. I concentrate on the quantitative expansion of the use of the word rather than on the evolution of the *meaning* of the word, which would be impossible to capture in depth over the course of two centuries. In the second part, I will provide a tentative account of the changing usage of the word by connecting it to the evolution of the social structure. However, the analysis developed here does not have any historical pretense but rather follows the Foucauldian tradition of the historical essay. Many factors have shaped the evolution of the concept and its social significance. I focus here on aspects that enable me to sketch a theory of modernity and to set up a framework for the rest of my dissertation, which I develop in the last part.

THE CONCEPT OF RESPONSIBILITY, FROM ABSENCE TO OMNIPRESENCE

Modern technologies, and the N-Gram project Michel et al. (2011) in particular, enables us to capture the evolution of the use of words over the course of centuries. This tool opens new avenues for research, but should be handled with care. I will start by discussing its merits and shortcomings and then continue by analyzing what it teaches us about the evolution of the use of the word responsibility over time.

Tracking the evolution of language over centuries

The Google N-gram Viewer is a graphing tool which charts the yearly count of selected words, or combinations of words, as found in over 8 million books digitized by Google up to 2008 (or around 6% of all the books ever published). The corpus now represents 500 billion words, and among them 360 billion in English. The rationale for using the tool for my analysis is two-fold. First, it offers a more precise view of the first uses of words in printed books than English dictionaries that have to search for their appearances without automation. Second, it is a good tool to analyze the prominence of ideas in writings of their time and to express this graphically. But the tool's authors themselves acknowledge that it is not perfect.

First, publishing was a rare event in ancient times: only about 500,000 books were published in English before the 19th century. The tracking reflects mostly word usage by literates rather than by the general population, especially in the initial period. It doesn't reflect daily use in vernacular language. Mass literacy, after all, emerged in Britain, the United States and much of Western Europe around the turn of the 20th century. Second, Google Books is a repository of digitalized books from forty universities around the world (plus some additions from publishers), meaning that the sample is probably skewed towards scholarly literature. Third, it does not allow for a fine-grained account of the evolution of the meanings of words. The N-Gram tool cannot measure linkages between sets of ideas for it cannot analyze the co-occurrence of words. It doesn't measure the distribution of words across books either. Since I am interested here in general trends, and not in precise measures of the use of the word in the United States, these are not crucial limitations to the analysis.

There are, however, some precautions necessary in using this tool. Comparing the usage of a word over such a long period of time runs the risk of applying a contemporary meaning of the word to an old concept. If the word responsibility was used in a totally different fashion in the 18th century, the comparison of occurrences of the word in that period would be irrelevant. In the etymology of “responsibility,” the Oxford English dictionary cites the debates on the U.S. constitution in the Federalist Papers, and in particular Paper 64, attributed to Hamilton and published in 1787. In total, I counted thirty-three occurrences of the word “responsibility” in the Federalist Papers, making it a structuring concept in the “American experiment” (although the word does not appear in the Constitution). The Federalist Papers can serve as a solid basis to understand the conception of responsibility that prevails in the 18th century.⁸ The following quote from the Federalist Papers shows that the use of the word is consistent with the modern use of the word:

“The elective mode of obtaining rulers is the characteristic policy of republican government. The means relied on in this form of government for preventing their degeneracy are numerous and various. The most effectual one, is such a limitation of the term of appointments as will maintain a proper *responsibility* to the people.”

Federalist No. 57. 1788. Hamilton or Madison

The use of the concept is therefore consistent over time, and can be used for long-term comparisons.⁹

⁸ In the Federalist Papers, Hamilton, Madison and Jay seek to promote the ratification of the United States Constitution. They state that the goal of the Constitution is to create a government with sufficient “energy” to rule efficiently. But no branch of government should have enough power to become tyrannical. More importantly, the essence of a republican government is representation in a legislature. The people elect representatives who then decide on public matters.

⁹ It falls into the category of prospective responsibility. However the two other notions of responsibility, as retrospective responsibility and as virtue, also appear – but very infrequently. Their use derives from the overarching notion of accountability, which is arguably – and understandably – the main underlying concept of the Federalist

The explosion and shattering of the concept of responsibility

I use the tool as a point of departure to set up puzzles for further reflections on responsibility. The dual puzzle that is to be accounted for is that of an explosion (a) and a shattering (b) of the use of the word “responsibility” in the modern era, which I will analyze successively.

Figure 2.1 tracks the use of the word “responsibility” in the American texts from 1700 to 2008.¹⁰ It tells us when the concept emerged, and how its usage varied over time. The analysis of the emergence of the concept helps refine the etymology of the word “responsibility” provided by the *Oxford English Dictionary*. According to the *Oxford English Dictionary*, and to the *Dictionnaire Etymologique de la Langue Francaise*, the word responsibility appeared in the English and French language in the exact same year: 1787. The odds that the word was coined in the exact same year in two different countries are pretty low. The N-Gram Viewer shows that the word was in usage before the year the dictionaries cite, although use of the word did indeed take

Papers. In the first following excerpt, the notion of punishment and censure is introduced to preserve the answerability of the executive, while in the second excerpt the notion of responsibility as virtue is meant to ensure that senators keep their minds oriented towards the general public:

“But one of the weightiest objections to a plurality in the Executive, and which lies as much against the last as the first plan, is, that it tends to conceal faults and destroy responsibility. *Responsibility* is of two kinds to censure and to punishment.” Federalist No. 70. 1788. Hamilton

“With respect to their *responsibility*, it is difficult to conceive how it could be increased. Every consideration that can influence the human mind, such as honor, oaths, reputations, conscience, the love of country, and family affections and attachments, afford security for their fidelity.” Federalist No. 64. 1788. John Jay

¹⁰ The N-Gram project tracks the usage frequency of an N-Gram. A one-gram can be a word (“sociology”), a number (“1000”), or even a misspelling (“sociologi”). Usage frequency is obtained by dividing the number of instances of the n-gram in a given year by the total number of words in the corpus in that year. The data was also computed by using a smoothing of 3. A smoothing of 3 means that the data shown for a given year will be an average of the raw count for that year plus 3 values on either side, then averaged. The trend is more apparent using a moving average.

off in the revolutionary context (in both countries, as I will show). The word “responsibility” was already used sporadically at the beginning of the 18th century, took off at the end of the 18th century.¹¹

Figure 2.1: Change of the usage of the word “responsibility” in American English (American English Corpus, 1700 – 2008) ¹²



Figure 2.1 shows that the use of the word was subject to a large increase over the course of the last 200 years and is now a widely used word. Responsibility is a concept that emerges with modernity, and stands at its core. The figure shows that the use of the word responsibility takes off around 1790, is subject to a steep expansion until the 1850s, and then stabilizes until the end of the 19th century. But the real explosion of the use of the word happens in the first half of the 20th century and reaches its peak around 1955 before finally declining. This graph helps me derive three distinct periods for my later analysis, separated by the dashed lines on the graph: the post-

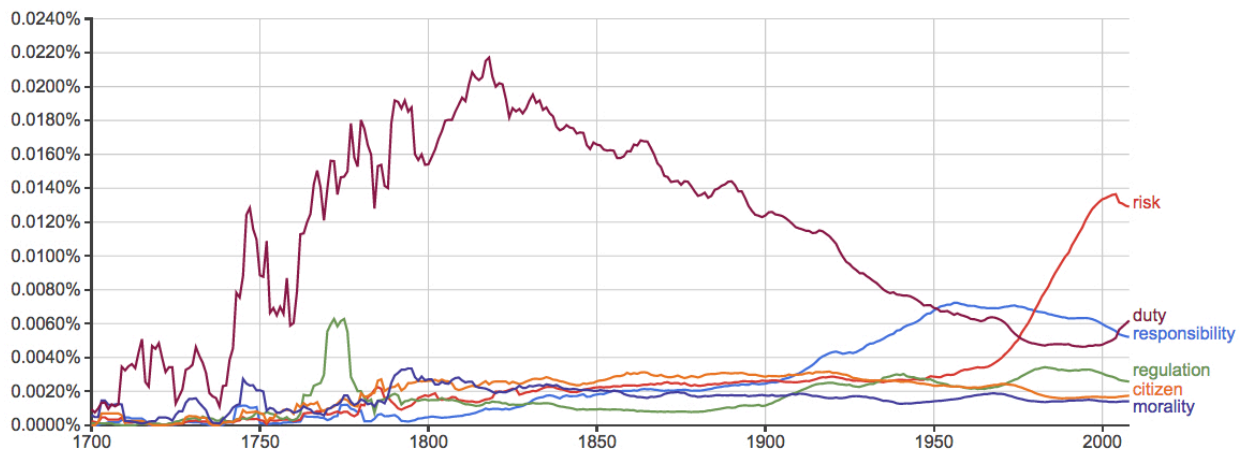
¹¹ The spikes that we observe at the beginning of the graph can be misleading, though. Owing to the low frequency of publications at that time, a high number of occurrences of the word in a few books can produce an impressive increase. The viewer only reports counts for N-Grams that appear at least forty times in a given year though.

¹² The data in this graph, and all of the following graphs, is case insensitive.

revolutionary period (late 18th century until late 19th century), the first half of the 20th century (until the 1950s), and the most recent developments.

Some comparisons might be useful to understand the proportion of the increase. For a point of reference, I computed the usage frequency of some words related to responsibility, directly or indirectly. Figure 2.2 shows that some important words such as morality or citizen remain stable over time; some words' usage shows an impressive decline; whereas responsibility and above all risk exhibit a big increase.¹³

Figure 2.2: Comparison of the evolution of the use of the word “responsibility” with the use of the words “duty”, “risk”, “citizen”, “morality” (American English Corpus, 1700 – 2008)

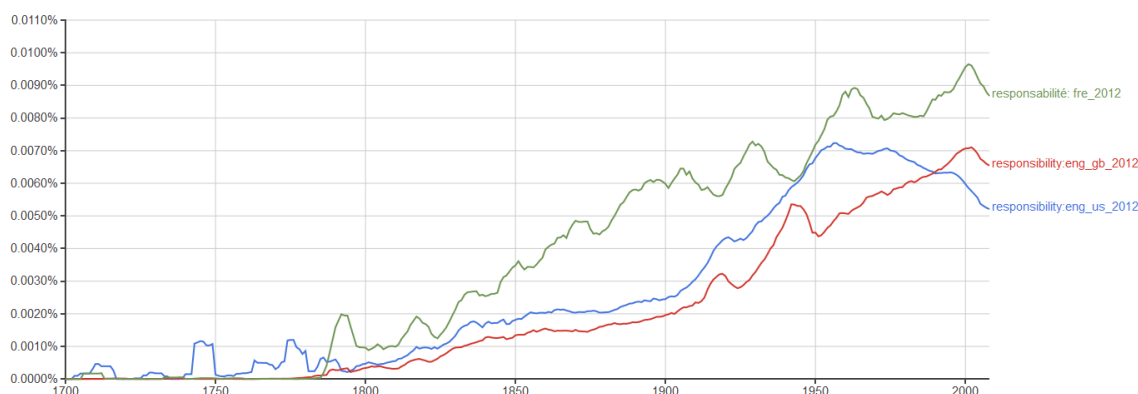


This trend of an important increase followed by a decrease is all the more interesting if we compare it to the French and British English corpora. The comparison shows that the trend of a massive explosion of the use of the word over the course of the 19th and 20th century was a

¹³ I also simply called Jean-Baptiste Michel, one of the creators of the tool. He confirmed that the increase of the trend line of the usage of the word responsibility was noteworthy.

common feature in all three areas. The rhythm of progression is different in each, showing that the word found a different echo over time, depending on the political and social context of its reception. Figure 2.3 doesn't show a decrease of the use of the word since the 1960s, although the tendency seems to emerge in the 2000s. It seems that French-speaking and British English-speaking areas are following the American trends with a lag. The American curve is much smoother than the other two, especially following the two world wars.¹⁴ However, despite the bumps in both directions, the trend of a massive increase of the use of the words is common across the three countries.

Figure 2.3: Comparison of the evolution of the use of the word “responsibility” in the American, British, and French corpora (1700 - 2008)

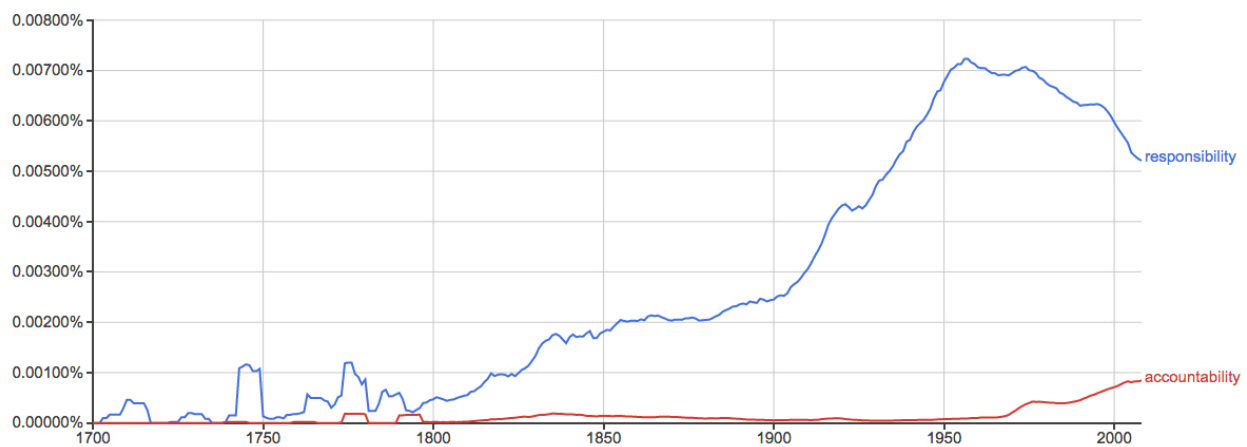


As I mentioned in the introduction, the notion of responsibility is intrinsically linked to the notion of accountability. It makes sense to track the concomitant evolutions of usage of the two

¹⁴ The wars have opposite effects on the use of responsibility in French and in British English: it decreases for the former, and increases for the latter, showing that one cannot draw a correlation between discussions about responsibility and wars, which are not the prime drivers of this change.

words, which are illustrated in figure 2.4. It shows that the use of the concept of “accountability” booms at the same time that the use of word “responsibility” declines proportionately. It now reaches a level of 0.001% of the corpus. The puzzle of these inverse trends will be central in my analysis, which explores the tension between responsibility and accountability in the modern era.

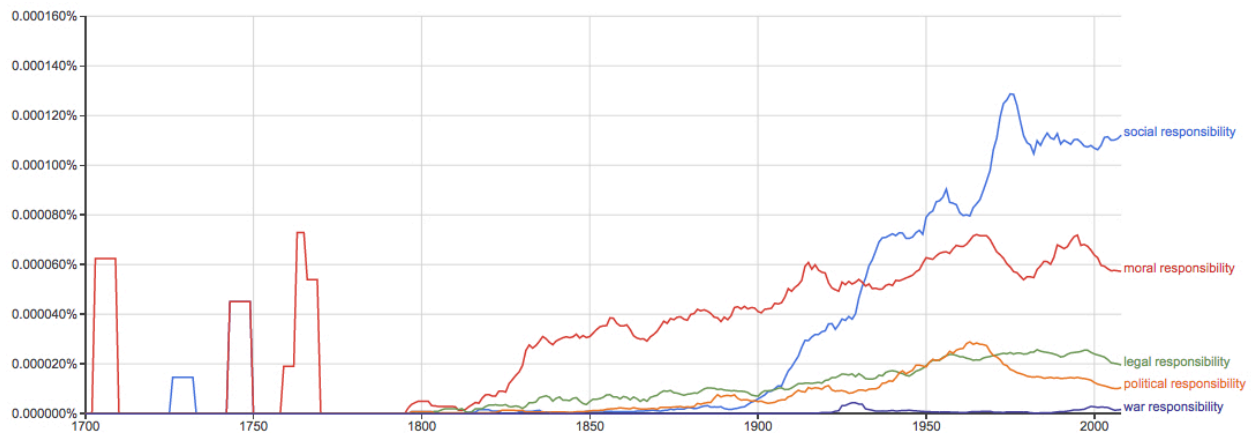
Figure 2.4: Comparison of the evolution of the use of the words “responsibility” and “accountability” (American English corpus, 1700 - 2008)



As the use of the word “responsibility” exploded over the course of the 20th century, it was also rapidly invested with a plurality of meanings, leading to a “shattering” of the concept (Ricoeur 2000). Various adjectives used to qualify it, such as moral responsibility, social responsibility, criminal responsibility, war responsibility, collective responsibility – to name a few, also see a vast expansion of their use. Figure 2.5 tracks the usage over time of some 2-grams, or pairs of words occurring together, that include the word “responsibility.” Interestingly, while the word responsibility took off in the political context of the revolution, the 19th century sees a marked increase of the concept of “moral responsibility” and the 20th century sees a dramatic upsurge of

the concept of “social responsibility.” The term “moral responsibility” is by far the most prevalent in the 19th century but seems to plateau over the course of the 20th century. The term social responsibility, which is almost absent in the early period, explodes over the course of the 20th century and is in far greater usage than other word pairings. The social dimension of responsibility has taken preeminence over the moral dimension of responsibility, which constitutes a central puzzle in my reflection on modernity.

Figure 2.5: Evolution of 2-grams including the word “responsibility” (1700 – 2008)



The trends presented in the graphs above prompt some interesting questions. First, why has the concept of responsibility become so prevalent in the modern era? Second, why did it then lose some ground, while the concept of accountability became more prominent? Third, why did the concept of responsibility, born as a political concept, become attached to the moral and then social spheres over time? Again, this chapter cannot account precisely for historical variations, which are taken here as illustrative of wider phenomenon. Many factors have shaped the evolution of the concept and its social significance. But my goal is to understand the emergence of the word at the

end of the 18th century, its rise in prominence in the 20th century, and its final decline in the American context. To do so, I place the trends exposed by the N-Gram tool in a wider social, economic and political context.

THE EVOLUTION OF A CONCEPT AS REFLECTIVE OF THE EVOLUTION OF A SOCIAL STRUCTURE

My analysis will focus on three historical moments, delineated in Graph 2.1: the post-revolutionary period (late 18th century until late 19th century), the first half of the 20th century (until the 1950s), and the second half of the 20th century (till now). The two first periods correspond to steep increases in the use of the word “responsibility.” They correspond to moments of profound social and political change, which called for a redefinition of the obligations of actors toward one another – hence for an expansion of the use of the word “responsibility.” The political change induced by a violent political revolution was rapid, while the change introduced by the urban, industrial and technological revolutions was more gradual but also perhaps deeper in its influence on the daily lives of individuals. The full development of these transformations can explain the final decline of the use of the word in the last period. The rise of individualism, along with the rise of collective, and potentially disastrous, activities, leads to a dilution of responsibility. I will analyze the three periods successively.

The post-revolutionary period

The concept of responsibility first emerged in the context of political revolution, which profoundly reshaped political and social structures. It called for a redefinition of the responsibilities of the ruler and the citizens. The sudden rise of the word in the 18th century corresponds to a sudden change in social organization. The birth of the concept is eminently linked to the birth of a new political regime – hence to the need to redefine the social contract between the State and its citizens. In the context of a political “big bang,” the obligations and rights of both office holders and citizens need to be redrafted to fit the new vision of the social order. The concept of responsibility responds to this social need. The redefinition of the social order seeks to answer the questions that are at the core of the concept of responsibility: to whom is one responsible, for what, to what extent? The first massive increase in the use of the word responsibility corresponds to a period of vast political change, which is profoundly related to the novel conception of responsible government and responsible citizen.

Indeed in his historical analysis of the notion of responsibility, McKeon shows how the emergence and development of the term is linked to the expansion of democratic ideals since the American and French Revolutions. The principle of self-government promoted by Republican ideals called for self-regulated individuals, who would be able to participate efficiently in the conduct of the nation. The preservation of the common good was no longer the duty and privilege of a happy few, but of all those eligible to vote. The ideal of a Republican government relies on the accountability of the government to its citizens, who in turn must be conceived of as responsible citizens since they control the orientation of the government.

The principle of accountability finds its full extension with the progressive suppression of the limitations on universal suffrage. As a point of reference, the rise of Jacksonian democracy in the 1820s led to a close approximation of universal manhood suffrage among whites being adopted in most states. These changes reflect an evolution in the economic structure as well as changes in the conception of political responsibility. It signifies the passage of the word from when the responsibility of individuals had to be demonstrated, on the basis of their wealth or education, to a conception of responsibility as a natural capacity of individuals. It becomes the role and responsibility of citizens to influence and control rulers' actions; responsibility is therefore evident on both sides. To a responsible government corresponds a responsible citizen.

A concept born as a *political* concept then became a *moral* concept. Figure 2.4 exposed this movement towards a moralization of the concept. It showed a marked increase of the use of the expression “moral responsibility” in the 19th century. McKeon argues that since citizens now play an active role in their self-government, they must find a form of self-regulation. The political evolution of the term is tied to the moral evolution of the term: responsibility becomes internalized. This new conception of responsibility is connected to the notions of freedom and rationality. It finds its expression in practice in the rational design of legal systems and disciplinary institutions.¹⁵ The connection that McKeon establishes between political self-government and individual self-regulation echoes Foucault's work on governmentality.

Foucault also analyzed how social institutions enforce social control, and thus refines the hierarchical approach to power developed by McKeon. Foucault exposes the mediating forces of

¹⁵ Interestingly, this period also corresponds to the first reflections on the concept of responsibility in philosophy – in the work of Levy-Bruhl (1884) and Mills (1843, 1865) for instance. Both of their writings focus on the relationship between responsibility and punishment and support the notion of responsibility as a moral concept.

the moralization of the concept of responsibility. In schools, prisons, hospitals, military barracks – old institutions that developed considerably during this period – certain discourses get internalized and allow for the construction of self-disciplined selves. Each one of these institutions aims at producing highly refined forms of discipline. They create a new economy and politics for bodies, which are individualized and trained for specific tasks. Individuals can then perform their duty within the new forms of economic, political, and military organizations emerging in the modern age. Social institutions participate in the creation of docile citizens.

The principle of self-government promoted by republican ideals calls for self-regulated individuals and thus for a deepening of the concept of responsibility, which connects the political, moral and cultural spheres. The profound political change experienced of the modern age calls both for the creation of docile individuals and for a new culture of responsibility. Citizens need to be tied together by shared norms and values in this new collective endeavor. An ethic of sacrifice pervades society: sacrifice for the family, the community and the nation. The regulating dogma is one of absolute duty. The notion of absolute duty, an essential figure from the religious sphere, was transferred to the public sphere in the process of secularization of morality that took root in the Enlightenment era (Lipovetsky 1983).

The Enlightenment era promoted the idea of a morality that did not depend on religious dogmas but rather stemmed from human reason. But as society emancipates itself from the ascendancy of religion, an emphasis is placed on unlimited moral obligations. Citizens need to show a commitment to family, work, civic and patriotic duties.¹⁶ A democratic and relatively

¹⁶ This is probably all the more important for a nation of immigrants, who must find their marks in American society: they need to prove that they can adopt and be adopted by the community.

egalitarian society requires the full commitment of its members. It reintroduces the idea of sacrifice, meant to constantly remind individuals of what they owe to one another and to their community.

To summarize, the first period in the development of the concept of responsibility is related to a constant expansion of democratic ideals. The radical change of revolution leads to the expansion and moralization of the concept of responsibility. The second and much deeper increase of the use of the concept happens at the turn of the 20th century. It is again triggered by revolutions, this time in the economic and social spheres.

The turn of the 20th century

The concomitant movements of industrialization, technologization and urbanization deeply modify the economic and social structure of society. Once again, the redefinition of the social and economic order implies to answer the questions that are at the core of the concept of responsibility: to whom is one responsible, for what, to what extent? As I will show, two concomitant, albeit antithetic forces are at play: the rise of the individual and the explosion of collective activities. The new urban and economic forms of organization further the promotion of the individual. The emphasis on responsibility can be seen as a counterweight to a novel and loosened social structure, where social control cannot operate the same way as it does in pre-modern societies. As Figure 2.5 showed, it calls for a focus not on *moral*, but on *social* responsibility – the responsibility of individuals towards their community.

The rise of the individual, and its potential threat to social cohesion, puzzles the founding fathers of sociology. They witness it first-hand, both in Europe and in the United States. It is one of Durkheim's main concerns. Durkheim wonders how societies could maintain their integrity and coherence in an era in which the social regulation of the individual by traditional social and religious ties is not as efficient. He argues that in his era the individual, rather than the collective, becomes the focus of rights and responsibilities, the center of public and private rituals holding the society together – a function once performed by the religion. The individual is no longer tied by traditional constraints, as he moves from being embedded in small worlds to being part of the intense but loosely knit social life typical of modernity.

The dense social networks typical of pre-modern times implied strong norms of reciprocity and trustworthiness. Those strong norms of reciprocity and trustworthiness generally led to systems of generalized reciprocity. One will do another a favor in the hope that someone else will do it for her. But as relationships become transient, individuals don't feel that they owe as much to each other. Simmel's work ([1903] 1997) exposes the same phenomenon. He analyzes how human interactions in the metropolis become short and instrumental, lacking the emotional and personal involvement of small communities. This yields what Simmel terms as "blasé" – superficiality, grayness, indifference and alienation.¹⁷ Modern urban life profoundly affects how individuals relate to each other.

¹⁷ Direct criticisms of the association between city life and individualism, anonymity, and utilitarianism can be found in Gans' early scholarship ([1962] 1982) and in Fisher's theory of subcultures (1975, 1995). More generally, students of the social bond in the city have navigated successfully between the lament of anomic individualism and the nostalgia for strong community, and have developed third-way approaches: see Jacobs's notion of public character (1961) and its reinvestment by Duneier (1999) for the study of public spaces in New York City, Wellman's three forms of community life in Yonkers (1982), Sampson's definition of collective efficacy in Chicago (1997, 2012), and Klinenberg recent re-appraisal of being alone in New York City (2012).

The early Chicago School shares this concern with the transformations inherent to modern urban life. The urban transition happens particularly fast in the United States: only about 25% of Americans lived in urban areas in 1870, but almost half of them lived in urban areas by 1916. The concerns of the early Chicago School are informed by the rapid growth of the city and by the rapid influx of immigrants, the latter being more specific to the American context. Modern urban life is a new form of social organization that has to be learned for many of the immigrants who come from rural areas in the United States and abroad. This proliferation of different ethnic groups and migration waves means that the city is in constant mutation.

With the disintegration of traditional social and religious constraints, and of homogeneous communities, parts of modern urban life are characterized by inconsistency, conflict, and un-organization. The natural byproduct of rapid social change is a peak in deviance. Too much change in too short a time disrupts the normative order of society. Different and perhaps conflicting normative frameworks compete for dominance. Prevailing norms and values are not as homogeneous, and forms of social control are not as strong as in pre-modern times.¹⁸ Social disorganization poses a threat to social cohesion. A novel *and* loosened social structure calls for a re-moralization of public discourse, where contracts of responsibility are made more explicit.

The movement towards the city is triggered by rapid industrial growth, which equally implies to make contracts of responsibility more explicit. The new organization of work in manufacturing firms implies a redefinition of professional relationships among workers and between them and their superiors. This time corresponds to the development of assembly lines,

¹⁸ The weakness of the social control structure comes from the loss of grip of traditional social institutions, but also from a pure network effect. One can behave irresponsibly with isolated “friends” more than one can with friends who know each other, because reputations are set in the social network.

standardization processes and mass production through the spread of Fordism and Taylorism (Stark 1980). The emergence of unions, and the advent of large waves of strikes to gain concessions from employers, shows that the new organization of work needs to be constantly renegotiated. This need explains the strong spirit of reform, which sweeps through the United States at the turn of the century. It aims at improving working and living conditions and regulating big business, and faces strong hostility.

These new economic endeavors change the balance of power within society, which triggers wider reflections on professional ethics, inside and outside the corporation: what does an industrialist owe to his workers? And what does he owe to his community? These new collective activities must find their place in American society. In the economic and in the social sphere, the contracts of responsibility binding individuals, and individuals and collective entities, are not as well-defined as in pre-modern times. They need to be explicitly renegotiated and reinforced in this period of transition.

Durkheim claims that the division of labor implied by these new economic endeavors¹⁹ explains how society could hold together. The economic services that the division of labor renders are trivial by comparison with the moral effect it produces. Durkheim argues that the division of labor yields “a wholly moral phenomenon” that ensures “mutual relationships” among individuals, as they become dependent on one another. The true function of the division of labor, the real need to which it responds, is to create a feeling of solidarity among individuals. This interdependence counterbalances the effects of a loosened social structure. Durkheim seems to be aware of the

¹⁹ Durkheim recognized that the division of labor extended beyond the economic world, embracing not only political, administrative, and judicial activities, but aesthetic and scientific activities as well.

limits of his own argument though. The interdependence of functions might create social solidarity, but it does not impose a strong moral framework on individuals.

In the Preface to the Second Edition of *Division of Labor* ([1893] 1984), he calls for a return to the system of corporations, so that an established authority enforces rules of behavior on its members. He argues that if working environments, where people spend most of their lives, do not have a strong moral tincture, individuals lack a strong moral framework. A strong moral regulation should have to be imposed on them. The lack of regulatory authority threatens public morality as whole: “the lack of any economic discipline cannot fail to produce effects that spill over beyond the economic sphere, bringing with it a decline in public morality” (Durkheim [1893] 1984: xxxiv). The interdependence of functions is not enough to ensure that actors behave properly, calling for a moral and economic regulation.

Foucault implicitly adopts the same criticism to Durkheim’s work. He revises Durkheim’s argument on the effect of the division of labor, although he agrees it exerts a regulatory effect on individuals. The masses are not simply regulating themselves. The disciplinary pyramid is meant to sustain processes of accumulation of capital. Foucault does not focus on social-psychological forces of cohesion. He adopts a Marxist approach to analyze actual patterns of social relationships. The new forms of economic organizations enforce disciplinary power. In Foucault’s words ([1975] 1977: 221), “the technological mutations of the apparatus of production, the division of labor and the elaboration of the disciplinary techniques sustained an ensemble of very close relations. (...) The disciplinary pyramid constituted the small cell of power within which the separation, coordination and supervision of tasks was imposed and made efficient. (...) The growth of a capitalist economy gave rise to the specific modality of disciplinary power.” What is at stake in these new forms of economic organizations is the production of docile individuals.

However, Durkheim could oppose to Foucault that he focuses too closely on regulation, and not enough on integration. He does not take into consideration Durkheim's concern with the decline in social integration in his analysis of the construction of self-disciplined selves. He neglects the regulatory effects of the embeddedness of the individual in a social structure. A strong moral tincture is imposed on individuals by a high integration *and* regulation. High integration in dense networks ensures high levels of trust and reciprocity. The "infinitesimal distribution of power relations" ([1975] 1977: 216) depends on disciplinary institutions and technologies as well as on the tightness of social bonds. Both have to be studied in combination, as they both inform dynamics of social control. The distinction seems particularly important to me, because as I will show in the next part, they move in different directions. Social integration becomes looser, but social regulation becomes more stringent. The regulation does not depend on traditional religious and social ties, but relies both on moralizing discourses and on accountability structures.

To summarize, the second period of expansion of the concept of responsibility corresponds to a period of massive and rapid social change. The industrial, urban, and technological revolutions of the early 20th century deeply modify the social structure, and call for a focus on *social* responsibility. The notion of "social responsibility" booms at the turn of the 20th century, as exposed in figure 2.5. The grounding of the concept of responsibility responds to the tension between the rise of the individual and the explosion of collective activities. The rise of the individual threatens social cohesion, counterbalanced by the regulatory effect of collective activities.

The most recent developments (from the 1960s on)

The use of the notion of “responsibility,” which reached its acme after the 1950s, becomes much less prevalent from the 1960s on. The consequences of the political, urban, industrial and technological revolutions presented before come together in this third period. Taken together, these transformations magnify the tension between the individual and the collective that emerged in earlier periods. The rise of individualism cannot be counterbalanced by the increasing division of labor, which does not produce a “wholly moral phenomenon” when observed from the viewpoint of actual patterns of social relationships. The increasing division of labor rather produces a dilution of responsibility within the collective. The questions at the core of the concept of responsibility (to whom is one responsible, for what, to what extent?) are more difficult to answer. This difficulty causes the emergence of a system of “organized irresponsibility” (Mills 1956: 357; Beck 1992: 33) where responsibility cannot be easily attributed or assumed. The rise of accountability structures, technologies and discourses can be explained in this light.

A shrinking of individuals’ area of responsibility

The urban and social transformations of this era further the decline of traditional institutions, the loosening of the social fabric, and the rise of individualism. Looser forms of integration go in pace with a vision of society based on hedonism, tolerance, customization, permissiveness. The focus in the cultural sphere is placed on the time being, on instant gratifications, on the development of self, on individual differentiation (Bell 1976). Looser forms of integration imply weaker norms of reciprocity and trustworthiness, a greater pluralism of norms and values, and maybe more

leeway for actors to define and enforce norms in interaction. Looser forms of integration also lead to a withdrawal from public affairs. The paradox is that at the very moment the individual becomes the center of rights and responsibilities, as the responsibility of the individual and the responsibility of his community are interdependent, he becomes less and less invested in his community, and more and more invested in his private sphere.

Putnam (2000) relates the decrease in active civic engagement since the 1960s to the reduction in all the forms of in-person social intercourse in the United States. Americans don't participate as much in any forms of associations. Putnam shows how changes in work,²⁰ family structure, age, suburban life, television, computers, women's roles and other factors have contributed to this decline. As a result of the decrease in social intercourse, Americans have disengaged from political involvement including lower voter turnout, public meeting attendance, serving on committees and working with political parties. An active civil engagement arises from a feeling of responsibility to the community as a whole, which is mediated by people's daily interactions.²¹

²⁰ Putnam relates this evolution to the massive restructuring of the American economy over the past decades. It has profoundly changed the organization of work. The trends toward a portable and mobile workforce and reduction in long-term employment diminish one's trust of and commitment to others. Before the post-industrial era, friendships, formed within communities, developed over longer periods. But over the last decades, friendships evolved from being work-based rather than neighborhood based (Putnam 1995). The trend of short-term employment and flexibility significantly reduces the ability to build lasting friendships through employment. These obstacles to building long-term friendships are arguably amplified in a "restless nation" like the United States, where people move on average every five years, which will not enable them to establish deep, long lasting relationships. This constant "re-potting" (Putnam 1995), for professional or personal reasons, disrupts individuals' root systems. They will have to develop new roots, which takes time. People withdraw from one another, which profoundly reshapes individuals' contract of responsibility to their peers.

²¹ Putnam's thesis has been widely criticized by political scientists and sociologists. Claude Fisher (2011) notably argued that Putnam neglects networks of interpersonal social capital, and the emergence of new forms of supportive organizations on and off the Internet. Also starting from the 1960s as a reference point is misleading because the era had an unusually high number of traditional organizations. Indeed the voting turnout at presidential elections was particularly high in the 60s (60% and up), and particularly low in 1996 (49%). But in the last election (2012) it reached 57.5% (Source: US Census Bureau).

However, dense social networks have not disappeared, but they become compartmentalized, and structure less and less of public life. All ties do not become weaker. As a response to Putnam's work, Fisher (2011) argues that Americans' bonds with their family and friends have not been profoundly modified since the 1970s. Americans are still connected: the quality of their personal relationships has not changed much. They have adapted to the economic and social transformation of the time. My point here is not to adjudicate between two theories; rather, it is to argue that individuals become hyper involved with their family and closest friends, rather than with their community as a whole.

My claim is that a hyper-involvement in the private sphere goes along this disinvestment from the public sphere. The combination of a disinvestment from the public sphere and a hyper-investment in the private sphere is eloquently summarized by (Arendt 1945) who contends that "the transformation of the family man from a responsible member of society, interested in all public affairs, to a 'bourgeois' concerned only with his private existence and knowing no civic virtue, is an international modern phenomenon." The opposition proposed by Arendt might be excessive, and reflective of the state of mind that followed the War. But it captures efficiently how the historical transition to modernity affects how individuals redefine their area of responsibility.

Mass society and power elites

These developments indicate a shift from traditional communities to a “mass society.” The withdrawal from public affairs is an essential component of the advent of a society of masses,²² which posits a public that is both atomized and alienated. A society of atomized individuals is easier to control by means of persuasion and manipulation by a “power elite,” who can claim exemption from and guidance of the misguided masses. Mills (1956)²³ argued that the power elite could prevail as a direct result of this shift from a society of publics to a mass. Power in America has become monopolized by elites, who are in a close relationship, and who dominate the major decisions of the day. He describes how political and media institutions in modern mass society manipulate people into a crowd rather than as a group capable of autonomous thought and action. He recuses the naïve idea of pluralism as the guiding principle of American politics.

The predominance of the elite is particularly problematic for Mills because it displays the “higher immorality.” The higher immorality refers not to a form of dogmatic thought in American politics that is unwilling to be held accountable for its actions, but rather to the virtual absence of public thought. Mills summarizes the emergence of the higher immorality in the following quote: “In the corporate era, economic relations become impersonal – and the executive feels less personal responsibility. Within the corporate worlds of business, war-making and politics, the private conscience is attenuated – and the higher immorality is institutionalized” (Mills 1956: 343). Mills developed this argument in 1956 – even before the time period that I am considering here.

²² Many authors have theorized the advent of a society of masses. I choose to follow Mills’ conceptualization here, because his theory of mass society relates to his theory of organized irresponsibility.

²³ Mills developed his argument before the start of this period. I believe his description can apply to the last decades. The trends he captures probably increased over time.

However according to (Mizruchi 2013), the trend of a lack of interest of the corporate chieftains in the collective good has actually been amplified since the days Mills wrote *The Power Elite*.²⁴

According to Mills, executives display the higher immorality because they are not held fully accountable by a public of masses, but also because “relations become impersonal.” The impersonality of relationships means that individuals feel less personally involved. The argument is interesting, because what characterizes the modern era is that relationships become mediated, through bureaucratic organizations of course, but also large-scale markets and/or information technology (Calhoun 1991). If the mediation of relationships shapes how they define their area of responsibility, then the argument should not be restricted to the corporate elite. Relationships become mediated throughout the organization, which might lead to the same decline of sense of obligation throughout.

This low involvement has been documented by Jackall in *Moral Mazes* (1988). Jackall shows how managers as a whole restrict their moral involvement in the organization. They have no use of abstract principles, but conform to the requirements of bureaucratic functionality. They are completely oblivious of their responsibilities to others, inside or outside the corporation. They might never be in contact with the victims of their actions in any case. It can enable them to escape questioning their role. The rapid rotation of the workforce means that their mistakes are left to their successors. The problem of a relative lack of moral involvement in the organization is of course more acute for the elite, owing to its great power. Even if managers face moral issues, they

²⁴ Mizruchi claims that following World War II, American business leaders observed an ethic of civic responsibility and pragmatic self-interest. They accepted the legitimacy of organized labor and federal regulation of the economy. However in the 1970s, faced with growing inflationary and competitive pressure, and growing public criticism, corporate leaders grew in opposition to labor and government. With no external forces to discipline its members, the corporate elite has become fragmented, narrowly self-interested, and unable (or unwilling) to act collectively to address the problems of American society in a way that its forerunners did until the early 1970s.

probably do not have the autonomy to make decisions. As Chambliss (1996: 118) puts it, “powerful people have ethical dilemmas, the rest of us have ethical problems.”²⁵

The dilution of responsibility within the collective

This lack of interest in the collective good is related to the emergence of a mass society, to the impersonality of relations, but also to the difficulty to hold large organizations accountable. The explosion of collective activities, both formal and informal has brought about a “society of organizations” (Perrow 2011), characterized by complex, large scale, bureaucratic institutions (Etzioni 1975). Large-scale institutions raise the problem of a “new asymmetry society” (Coleman 1982, Coleman 1973) between two types of actors: corporate actors (corporations, government agencies, unions) and “natural persons” (you and me). In law, corporate actors and natural persons are roughly speaking treated as equal. They can contract obligations and appear as parties in a trial.

However this formal symmetry does not reflect the actual imbalance of power between corporate actors and natural persons. Corporate actors have financial, technical and administrative resources that are not available to individuals. Corporate actors are in a position of oligopoly, or even in the case of many political institutions, of monopoly. As a result, natural persons do not have much control over their relationship with corporate actors.²⁶ Natural persons have lost power

²⁵ Cited in Heimer (2010).

²⁶ They can exert much more influence on this relationship if they act collectively, in consumer organizations, trade unions, or associations.

and influence to the benefit of corporate actors because of their continuous growth in number, size and resources.²⁷ Many complex, large-scale, bureaucratic institutions also operate at a global scale. The decisions made at the headquarters of multinational companies in developed countries can have disastrous effects at the plant and community level. Corporate actors can take action without considering their social consequences for individuals, such as dumping toxic waste in the environment.²⁸ Intricate legal frameworks and imbalances of power can prevent victims from claiming justice.

And in long causal chains, it is difficult for actors to locate responsibilities – their own or the responsibility of others. Complex organizations are characterized by the “problem of many hands” (Thompson 1980): many invisible hands might have contributed to a disaster. It impedes a simple process of attribution of responsibility, including to oneself. Responsibility becomes diluted within the collective. In a global world, the problem is two-fold: long vertical spread of chains of commands, and long horizontal spread of activities around the globe. Complex organizations are also characterized by structural secrecy, which Vaughan (1996) defines as “the way that patterns of information, organizational structure, processes, and transactions, and the structure of regulatory which relations systematically undermine the attempt to know and interpret situations in all organizations.” For both insiders and outsiders, it is difficult to know both what happened, and who is to be held to account.

²⁷ See Bovens (1998: 15-19).

²⁸ The Bhopal gas tragedy that happened in 1984 in India is a good example of the difficulties to hold companies and individuals accountable. A gas leak exposed more than 500,000 people to very toxic chemicals, and left around 4000 people dead (according to official sources), making it one of the world's worst industrial disasters in history. Union Carbide, the American company running the pesticide plant, was sued by the government of India, and paid \$470m to settle litigation stemming from the disaster. But the plant site cleanup and India's demand for the extradition of then-Union Carbide CEO Warren Anderson are yet to be resolved.

A system of organized irresponsibility

All the trends that I have highlighted so far – the shrinking of one’s era of responsibility, the emergence of a society of masses, the difficulty to enforce responsibility and accountability – lead to what Charles Wright Mills and Ulrich Beck both call a system of “organized irresponsibility” (Mills 1951: 111, 1956: 357; Beck [1986] 1992: 33). Although Beck and Mills start from different premises, they both reach the conclusion that actors in position of responsibility can actually avoid being held accountable.^{29 30} They posit a disjuncture between logics of responsibility and logics of accountability. They argue that one can be in charge, without being held accountable if things go wrong. The ones who witness the consequences of the actions might also not be in position of power. This irresponsibility inscribed in the complex social structure is a defining feature of the modern era.

The decline in the use of the word “responsibility” echoes the emergence of a system of organized irresponsibility. The paradox is that at the very moment when the *use* of the word decreases, we observe an explosion of *reflections* on responsibility. This explosion is perceptible in the academic sphere (in the multiplication of publications on responsibility in philosophy,

²⁹ Mills contends that the prevalence of a system of organized irresponsibility can be produced and reproduced because of the lower degree of involvement of individuals with their peers and communities. However Mills restricts his argument to the elite, whereas Beck thinks it is more pervasive throughout society. Beck argues that it is related to the proliferation of risks in the modern era as a result of industrialization, urbanization and globalization. The proliferation of risk, along with their dispersion and intangibility, has led to a dilution of responsibility. Imputation becomes almost impossible, because risk becomes an intangible threat, which has been produced collectively. The complexity of modern arrangements complicates the problem of dilution of responsibility within collectives: everybody is cause and thus non-cause, which leads individuals to feel less involved personally. Responsibilities cannot be disentangled, which means that actors cannot be held to account efficiently.

³⁰ The difference between Mills’ and Beck’s perspective might be related to their different initial angle (the power elite vs the risk society). It might also be related to the different publication date of their books (1951, 1956 vs 1986). The increasing division of labor makes the problem of the dilution of responsibility within collectives more salient today. It might explain why Beck takes into consideration the evolution of the social structure more than Mills does.

management, political science notably), in the political sphere (in the multiplication of calls for responsible behavior, applied to individuals and corporations alike),³¹ in the corporate sphere (in the proliferation of codes of ethics).

Discourses of responsabilization aim to balance the effects of a loose and complex social structure.³² Social cohesion is fostered by a re-moralization of public discourse.³³ What is at stake is a constant renegotiation of the roles and obligations of social actors, meant to answer to the questions at the core of the concept of responsibility: to whom is one responsible, for what, and to what extent? This renegotiation aims to enforce responsible social behavior, from individuals and organizations alike. This renegotiation, often grounded in a universalism of values, also leads to a potential hyper-extension of organizations' sphere of responsibility. The debates between shareholder and stakeholder theory in management are emblematic of this problem. Stakeholder theories contend that companies are not only accountable to their shareholders, employees, customers, and suppliers, but also to anyone who has a stake in them – which includes the public in general. But again wide extension means dilution.³⁴ What is the exact nature of the contract of

³¹ Many presidencies start with calls for a “new era of responsibility.” Both President Bush and President Obama inaugurated their (first!) term this way.

³² Foucault and his followers (Rose 1999, Dean 2010) claim that discourses of personal responsibility become a need to substantiate a political regime. Through the notion of freedom, self-governing capabilities are imposed on citizens so that they behave, and assess their behavior, in line with the political objectives of neo-liberalism. The technology of responsabilization entails that individuals see such risks as illness, unemployment or poverty as being not the domain of the State, but of the individual – thus becoming a problem of self-care (Lemke 2001: 201). The turn to neo-liberalism is a global trend, but is much more prevalent in the United States than anywhere else. In the United States, the move towards deregulation, growing criticism of the welfare state and an ideological shift to reducing federal aid to impoverished people has been particularly acute since the 1980s.

³³ As Lipovetsky (1983) argues, the modern era (or hyper-modern, in his terms) is characterized by both an “irresponsible individualism” and a “responsible individualism.” A form of narcissistic individualism coexists with a renewal of ethics.

³⁴ Philosophical discourses on responsibility represent the same trend. On the one hand, they respond to this need to re-substantiate responsibility, and on the other, they vastly expand the normative domain of responsibility of

responsibility bonding the participants? How can they be enforced? Responsibility is more of an incantation than anything else.

The re-moralization of the public discourse goes along with a proliferation of structures and technologies of accountability. Within organizations for instance, the institutionalization of boards of directors, the multiplication of ethics committees, and the bureaucratic processes themselves³⁵ are meant to ensure that actors behave responsibly in complex, and therefore opaque structures. New technologies have largely reinforced this trend, and participate in the expansion of accountability structures beyond the boundaries of the organization. Customers are more and more regularly asked to rate their transactions online (think Amazon), to rate their interaction with an employee when they check out (think Uber), to participate in online rating forums (think Yelp). The traditional vertical structure of accountability is doubled by a horizontal structure of accountability. The trend is perceptible in all social spheres – you can even rate your ex-boyfriend online. These structures and technologies are supposed to enforce transparency, and therefore trust.

The re-moralization of the public discourse also goes along with a reemergence of processes of accusation. The multiplication of occurrences of potential victimization, coupled with the difficulty to hold perpetrators accountable, leads to frenzied searches for guilt. We see the emergence of what Giddens (1999) calls a “litigious society.” Here lies the paradox: a society, which insists normatively on logics of responsibility and accountability, becomes in fact prey to logics of accusation. What we also observe is a multiplication of episodes of moral panics (and

individuals. Normatively, individuals and institutions should take into consideration the nebulous “other,” in the present and in the future, in their decision processes. This wide expansion of responsibility leads to its dilution.

³⁵ Within universities, the formalization of IRB processes, or the creation of Ombuds offices, are emblematic of this move.

associated scandals), followed by witch-hunts (Cohen 2011, Thompson 2005, Goode and Ben-Yehuda 2010). These witch-hunts can be particularly violent, and last long. The dilution of responsibility within collectives means that many candidates for blame can try and deflect it to other parties – until a consensus is reached. The dilution of responsibility within collectives opens the path for blame games. Their outcome can be quite unpredictable. The weaker the solidarity of a community, the more unpredictable will the orientation of the blame be (Douglas 1992), and maybe the more time it takes for blame to crystallize.

The crucial question to ask is then: who decides, and to what effect? Who orients the definition of appropriate norms of social behavior, of accountability procedures, of the orientation of sanctions? Powerful actors can define (and enforce) responsibility and accountability in a way to maintain their social position. The re-moralization of the public discourse, the proliferation of structures and technologies of accountability, and the reemergence of processes of accusation reinforce the dominance of the Power Elite. I follow here Mills' argument: the Power Elite is not held accountable much, leading to a form of higher immorality. The proliferation of discourses, structures and technologies of accountability targets the bottom rather than the top of social structures. Uber's CEO is not "rated" very often (and often by complacent instances, such as boards or analysts), but his employees are rated dozens of times a day, and fired if the ratings are unsatisfactory. The complexity of the social structure acts as a screen for the Power Elite, which can display the higher form of immorality – without seeing itself as such.

Chapter 3

The Blame Game for the Financial Crisis (2007 – 2010): A Sociological Theory of Fields of Accusation

This chapter describes the blame game for the financial crisis in the United States (2007-2010), analyzing its evolution and its key drivers. The crisis appears as a cancer that expanded and metastasized. It started when the subprime mortgage market began to display an increasing rate of mortgage defaults in late 2006, which led to a decline in housing prices after nearly a decade of exceptionally high growth. These defaults caused a collapse in the value of mortgage related investments, allowing these problems to spread from the mortgage market to financial markets. On September 15th 2008, Lehman Brothers, one of the world's largest investment banks, declared bankruptcy. The government seized the nation's largest insurance company and largest savings and loan bank.

The \$700 billion bailout plan, passed by Congress in October 2008, and actions by the Federal Reserve to bolster the economy prevented a full-scale meltdown. By mid-2009, it appeared that a financial meltdown had been avoided. By the year's end, many big banks were reporting large profits and were in the process of returning their bailout money to the federal government. But many businesses, especially small ones, reported that credit was still tight. Moreover only a fraction of those homeowners the Obama administration had hoped to help had reached agreements with their banks. Unemployment rose to its highest point in more than 15 years. The discrepancy between Wall Street's fast recovery and Main Street's slow recovery generated anger over the crisis, the banks, the bailout and new rounds of large bonuses.

Anger over the crisis triggered a burning question: who is responsible for this disaster? Many actors could be deemed responsible, in a seemingly never-ending causal chain. It would

include the individuals who took massive mortgages that they could not afford, the mortgage brokers and lenders who sold them defective or overpriced loans, the investment banks who packaged and distributed them without properly assessing their risk, the credit rating agencies who certified they were safe, the regulators who kept the money flowing – among many others. This can explain why Phil Angelides, the head of the Financial Crisis Inquiry Commission, in charge of investigating the causes of the crisis, said: “Maybe this is like the *Murder on the Orient Express*: everyone did it.”³⁶

I argue that a situation where everybody is potentially responsible is socially explosive. It paves the way for an intense *blame game*, which I define as a dynamic process of accusations and counter-accusations. Such contention finds its resolution when the main culprit is found (Girard [1972] 1977) – in this case, Wall Street. A blame game is a mechanism to reestablish a disrupted social order. Processes of blaming and punishing allow members of a society to express indignation at acts that offend the collective conscience, thereby affirming collective values and fostering social cohesion (Durkheim [1893] 1964). In a blame game, actors are trying to shift the symbolic boundaries between “worthy us” and “unworthy them” (Tilly 2008, Douglas [1966] 2003, Lamont 2009). Altogether these accusation dynamics form what I call a *field of accusation*: a public sphere where actors compete to assign responsibility for a disaster in a game of accusations and counter-accusations.

This study analyzes how a blame game participated in the crystallization of Wall Street’s responsibility. This crystallization might seem unsurprising years later. It was not fully predictable.

³⁶ Source: “Voices That Dominate Wall Street Take a Meeker Tone on Capitol Hill”, *The New York Times*, January 14th 2010

After all, the Great Depression is greatly associated with President Hoover. One could reasonably have expected a focus on the Bush administration, in power until January 2009. One could also have expected a crystallization on regulators. I show that regulators were the main culprits till the final resolution. As Hay (2010) argues speaking of the British case, “blaming the bankers may be cathartic, but it actually serves to displace responsibility from those whose policy choices brought us where we are.” Hay (1996) shows that crises narratives are constructed. I would then add that the important question is: by whom, and how? I expose how powerful actors could orient the blame towards Wall Street. In the fall of 2008, the financial meltdown opened a deep period of soul searching. Blame moved in many directions. The political sphere (and Democrats in particular) directed public anger through public speeches and events.

To develop my theory, I conducted a media analysis. I manually built a data set of 5,712 blaming incidences, drawn from three national newspapers from August 2007 to June 2010. The rationale for focusing on the media is two-fold. The media shapes and is shaped by collective processes of sense making. It adequately reveals the evolution of the public discourse. As Gamson and Modigliani (1989: 2) put it “media discourse is part of the process by which individuals construct meaning, and public opinion is part of the process by which journalists (...) develop and crystallize meaning in public discourse.” In the “master forum” of the media (Ferree 2002), actors present competing narratives for the crisis and its perpetrators, thus actively participating in ongoing processes of sense making. The media is not only a forum for public opinion. It is also a key motor of social change. Actors (re)define moral and immoral behavior through their public blame games. Erikson (1966: 12) noted that the media had replaced the carnival atmosphere of the Tyburn, where wrongdoers were exposed in the town square. The end of these practices coincides

with the development of newspapers as mass media. In these new public scaffolds, the line between morality and immorality is drawn.

My goal is to build a theory of blame games, and of their effect on the social order. Blame figures prominently in many sociological studies, as I will detail later. To my knowledge, no sociological study has tried to capture blame game dynamics. Synthesizing theories of framing and blame, I argue that blame games are not irrational outbursts of anger (Bucher 1957), but structured and dynamic processes of boundary drawing. Blame games are power games, mediated by public discourse, which lead to the reevaluation and reassertion of collective values. My goal is also to produce a deeper understanding of the financial crisis. Very few studies have endeavored to capture blame incidences in the crisis in-depth. And they have generally been conducted in Europe, by political scientists, using surveys (Bennett and Kottasz 2012, Hellwig and Coffey 2011, Hobolt and Tilley 2014, Tourish and Hargie 2012, Wagner 2014).

Most current research has focused on the roots of the crisis (Beunza and Stark 2012, Carruthers 2013, Davis 2009, Fligstein and Goldstein 2015, Krippner 2011, Mizruchi 2013, Polillo 2013, Rugh and Massey 2010, Tomaskovic-Devey and Lin 2011) or on its consequences (Brooks and Manza 2013, Grusky et al. 2011, Lounsbury and Hirsch 2010). The three notable exceptions in sociology are Treas (2010) who refutes the “blaming the victim” ideology; Perrow (2011) who recuses the “normal accident” or neo-institutionalist accounts for the crisis; and von Scheve et al. (2014) who study the connection between frames of responsibility and logics of action. This is all the more surprising as processes of sense making and responsibility assignment indirectly inform the regulation of the banking system. The strictest set of banking regulations was produced in the 1930s, when the Pecora commission illuminated the role of major banks in the 1929 crisis.

RISK, BLAME, AND POWER GAMES

Unsettled Times and Sense making

The financial crisis undoubtedly falls into the category of what Swidler (1986) calls “unsettled times.” Unlike settled times, characterized by consensual, taken-for-granted repertoires for action, in “unsettled times” different sets of cultural assumptions are in competition. An unanticipated event leads to a burst of public anxiety. It threatens the pre-established social order. However the actual process through which social transformation is produced during unsettled times remains to be better understood (Bail 2012). How does a society fall into unsettled times, and reach a new equilibrium? I show how blame games are key to understanding the unsettling and resettling of a social order. Largely unanticipated events, such as the financial meltdown, lead to a deep turmoil. But by drawing boundaries between “worthy us” and “unworthy them,” powerful actors can define deviance in such a way as to maintain their power (Abolafia and Kilduff 1988, Erikson 1966).

Unsettled times pave the way for a competition between distinct and stable frames grounded in political ideologies. Swidler (1986) argues that actors rely on preexisting ideologies in a context of radical uncertainty. She defines ideologies as “highly articulated, self-conscious belief and ritual systems” (1986: 279). Unsettled times can also lead to an explosion of blame. Abolafia and Kilduff (1988) show that in mania phases blame is latent, and in distress phases blame explodes. This phase of distress calls for a strong intervention of agents of social control, who can reestablish consensual strategies of action. I then posit that the overall matrix of blame (who blames who) might be both more populated and more stable from September 2008 on. By stable, I mean matrices that are highly correlated from one month to the other. It is time to punch, to punch hard, and to punch consistently – until a main culprit is found.

A competing hypothesis could be drawn. This crisis stands out by its magnitude and complexity. The financial meltdown could lead to what Weick (1993) calls a “cosmology episode”. The understanding of the events and the means to rebuild that understanding falter together. In September 2008, few people know what a derivative is, how it was used and by whom. Few people know what happened inside each institution – and nobody can link all the facts together yet. The economic system is composed of an intricate web of deeply interconnected and opaque organizations. Making sense of a complex disaster takes time. An offense must be named before blame and claims can be formulated (Felstiner et al. 1980). I could observe a low level of intensity, and low level of consistency of blame from September 2008 on. Blaming incidences could be chaotic, until powerful actors reestablish consensus.

Two competing hypotheses can be drawn from the literature: either an upsurge in intensity and stability of blame as the system explodes, or the exact opposite pattern. In either case, the crisis could be decomposed in three phases: unawareness, distress, and settlement. The settlement will happen through a blame game led by powerful actors. The challenge is then to understand who these actors are, and how they can impose a dominant frame.

Risk and Blame

The research on frames illuminates the “resonance” of frames within a political and historical context (Benford and Snow 2000, Snow and Benford 1988) but tends to disconnect frames from the actors that produce them (Benford 1997, Bail 2012, Ferree 2003, Steensland 2008). I reconnect frames to actors engaged in uneven power games. These power games contribute to the

resonance of frames with a wider context. A plethora of literature (in political science notably) shows that the political sphere dominates these power games.

The political sphere has the capacity to set the news agenda (for a review see (Berkowitz 1992, 2009)), which in turn will profoundly shape public opinion (McCombs and Shaw 1972, 1993). (Gans 1979: 119) describes the relationship between sources and journalists as a dance, with the sources generally being the leader. The power of the State to shape public discourse is increased by major disruptions (Fligstein and McAdam 2012: 99-108). They give political elites an even greater influence in establishing frames, which will then guide journalists and audience thinking (Entman 2004). The ruling government is the most powerful (Entman 2003, Gans 1979: 116-45). Logically the November 2008 presidential election could shift the balance of power towards Democrats. In the absence of political elite opposition, the White House frame could be widely echoed in the media. Open disagreement among the political elites determines whether the media diverges from the ruling government line (Bennett 1990).

This predominance could orient the blame in two directions. Elected officials have an interest in blaming their political opponents. Democrats could strongly blame the Bush administration, first to get elected, and then to justify difficult decisions (Weaver 1986). Bush could then face the same destiny as Hoover. This expectation is reasonable owing to the history of the Great Depression, and to the economic voting literature. The latter shows that the incumbent is generally blamed for economic downturns, and punished during elections (Powell and Whitten 1993, for a recent example see Hernández and Kriesi 2015). Elected officials also have an interest in blaming their targets of change. These targets could be related to market forces for Democrats and to State intervention in the economy for Republicans. Democrats could also intensify their accusations against Wall Street as they are trying to impose regulations.

This literature presents two shortcomings though. First, it undermines the capacity of other elites to shape the public discourse. Less is known on business sources' influence in the media. Financial actors were cited most often in the 1987 crash news reports (Lasorsa and Reese 1990), though their expertise was used to explain the crash rather than to assign blame. I cannot exclude that their expertise might give them authority in the debate. Second, this literature tends to present non-elites, and to some extent journalists, as mere recipients of dominant frames (Strömbäck and Nord 2006, Entman 2003). They are not given the full agency to choose or even influence dominant frames. These two shortcomings are problematic. A blame game is a dynamic relationship between accuser, accused, and audiences. Three conditions define the success of an accusation: the accuser has force and authority, the accused is unable to counter-attack, and the audience actively echoes it. The roles of accuser, accused, and audience depend on specific blaming instances. The audience role mostly belongs to journalists. They make sense of the public discourse.

These observations lead me to adopt a different approach to the study of responsibility for national disasters. First, I link accusatory frames to the actors that produce them, and replace these actors in uneven power structures. Second, I hypothesize that the political sphere (Democrats in particular) will orient the blame game. I capture the whole ecology of accusatory frames to validate this hypothesis. I systematically include all discourses of accusation, be they dominant or dominated. I expose the dynamics of a blame game, and its effect on dominant accusatory frames. The question is then to understand how politicians can impose a dominant accusatory frame.

Blame Game Strategies

Politicians can shape what, how, and when events are discussed in the public discourse. However, a constellation of actors tries and orients the blame in the public discourse. Actors' structural position can explain their resources and logics of action. Actors deploy different strategies and alliances to dominate the blame game.

First, politicians can set the agenda, namely what is being discussed. This capacity is both positive and negative. They can direct the attention towards some issues, and divert it from others. This selective focus can affect how audiences evaluate responsibility (Iyengar et al. 1982). Politicians set the agenda through speeches, hearings, and reports, which can represent half of news stories (Brown et al. 1987, Sigal 1973). This point is important: it is not only what politicians *say*, but also what they *do* that has an impact on the conversation. Politicians are event-promoters (Molotch and Lester 1974). This implies that actors can play the blame game directly through voice, and indirectly through action. I will capture both. I hypothesize that peaks of blame will correspond to events initiated by the political sphere.

Second, politicians can shape the framing of the conversation, namely how events are discussed (McCombs and Shaw 1993: 62). While this interpretive capacity ultimately belongs to journalists, politicians are likely to have a major influence. It is important here to understand what is at stake. Accusatory frames rely on an active construction of both causality and moral wrongfulness. Moral cues might matter even more than causality in a context of high uncertainty (see Tversky and Kahneman 1973). Bankers' greed might be easier to evaluate than their abuse of derivatives, and easier to ground in preexisting "fat cats" rhetoric. A frame must be grounded in words and images that are noticeable, understandable, memorable, and emotionally charged to

resonate (Entman 2003). This rhetoric can have a very strong impact. The literature on disasters shows that an actor gets blamed if s/he adopts a self-serving behavior after a disaster (Form and Nosow 1958, Bucher 1957, Drabek and Quarantelli 1967). But contrary to this literature, I argue that self-serving behaviors are themselves constructed. Actors can use others' mistakes to win the blame game. Politicians can activate scandals. I hypothesize that scandals will have a major effect in orienting blame.

Third, politicians can influence the timing of the public conversation. Arguably, the timing politicians choose to use speeches, hearings and reports matters. As (Entman 2004) suggested, initial frames will tend to discard disconfirming information in the future. Acting first, and acting efficiently, matters in a blame game. I will therefore pay particular attention to the months following the September 2008 panic. Politicians could then deploy their full leading power in their dance with journalists. Power here rests on the material, institutional, rhetoric and status resources that actors can deploy to orient the public discourse. It is politicians' role and interest to play the blame game visibly. Their reputation is crucial, since they need to get elected. While business actors might not be heard much in the media, they can influence the debate through lobbying. They do not have the institutional, rhetoric and status resources politicians have. Their different resources, role and interest explain their logic of action. The blame game is also played invisibly. I hypothesize that business actors will intensify their lobbying effort over time.

To summarize, my goal is to build a theory of blame games, and their effect on the social order. The cornerstone of my theory is that politicians can push a dominant frame assigning responsibility in such a way as to maintain their power, and re-establish the social order. I draw several hypotheses from all the research detailed above. First, I hypothesize that the financial meltdown will lead to an explosion of the blame game, which will radicalize along political

affiliations. The meltdown could be associated with dense and stable matrices of blame. I cannot exclude that the meltdown will lead to a “cosmology episode,” associated with sparse and unstable matrices of blame. In either case, I expect to observe at least three stages: unawareness, distress, and settlement.

Second, I posit that the November 2008 election will help Democrats impose their narrative. Their narrative might focus on their political opponents and targets of change. Their narrative could find a wide echo if they do not face a strong opposition from Republicans. Third, I hypothesize that peaks of blame could correspond to events that the political sphere initiated, such as public debates, congressional hearings, but also scandals. These events could help point to the past (and present) failures of the groups targeted, and notably business actors. Fourth, I hypothesize that business actors will respond by intensifying their lobbying efforts. These power games can help explain the dynamic construction of culpability and non-culpability as the crisis unfolds.

RESEARCH DESIGN

To capture blaming incidences, I analyzed three national newspapers from August 2007 to June 2010. The newspapers that I selected are *The Wall Street Journal*, *The New York Times*, and *USA Today*. The rationale behind this selection is threefold. First, they are the three main national newspapers in terms of circulation in the United States. Second, the three newspapers cover the social spectrum from elite to mass/popular. Third, the three newspapers cover the political spectrum: from the liberal *New York Times*, to the centrist *USA Today*, to the conservative *Wall*

Street Journal (Gentzkow and Shapiro 2010, Groseclose and Milyo 2005).³⁷ Since I am interested in long term processes of sense making, I start my analysis when the first warning signs of the crisis emerged. The first striking event that signals the beginning of troubles in the financial markets happens on July 31st 2007, when Bear Stearns decides to liquidate two internal hedge funds that invested heavily in mortgage-backed securities. I end my analysis in June 2010, two months after the S.E.C. announced it was suing Goldman Sachs for fraud. The choice of the end date was determined empirically. As the analysis will show, the event helps find a temporary closure in the crisis narrative.

I used Lexisnexis and Factiva to perform queries on all articles that appeared in these three newspapers in the years of study. The aim was to select articles that contained at least one blaming instance related to the crisis. To this end, I used a set of search terms related to the crisis and to causality / blame that resulted in a population of 2,096 articles. In the 2,096 articles I detected a total of 5,712 blaming incidences, which averages to 2.76 blaming incidences per article. I identified 2,595 blaming incidences in *The New York Times*, 2,252 in *The Wall Street Journal* and 865 in *USA Today*. These articles were then coded and blaming incidences were identified. The identification of a blaming pattern required the presence of 1) an actor, 2) a causal link, and 3) negative consequences related to the crisis. An example of a sentence containing a blaming instance would be the following: “Sen. Richard Shelby, R-Ala. [Actor] (...) said the Fed [Actor] ‘kept interest rates too low for too long [Causal link], encouraging a housing bubble and excessive risk taking [Negative consequences]’.” (*USA Today*, 12/2009). In this case, Shelby explicitly

³⁷ Actually Groseclose and Milyo’ study (2005) found that the Wall Street Journal was liberal. They attribute it to the fact that they did not include editorials, and cite evidence of the separation between liberal news pages and conservative editorials. I included the editorials, and letters to the editor, so I still maintain it as conservative.

relates the crisis to the Fed's actions. As a general rule the coding excluded attributions that targeted either mechanisms ("derivatives", "securitization") or abstract entities ("capitalism", "American culture"). Details and other examples of coding can be found in the appendix.

The wide diversity of sources and targets of blame were then regrouped in seven master categories and 30 sub-categories. The categories represent the field, which the actors belong to. Table 3.1 shows how I built the categories. My approach to the study of blame differs from the approach taken by political scientists, who mostly rely on surveys, and psychologists, who mostly rely on one-shot lab experiment. My method captures a whole ecology of discourses, and their dynamic interplay. My method can also grasp any subtle difference in attribution logics. A Democrat congressman and a Democrat President might attribute responsibility differently, even though they belong to the same party. I posit that an actor's structural position determines the salience of targets of blame, in a move that is both strategic and cognitive.

Table 3.1: Categories and sub-categories of coding

Categories	Government	Finance	Housing	Borrowers	Intellectuals	General public	Other
Sub-categories	Obama adm.	Banks	Mortgage lenders	Borrowers	Journalists	Letter writers	Rest of the world
	Democrats	Credit rating agencies	Mortgage broker	Consumer advocates	Academia	Polls	Auto industry
	Republicans	AIG	Appraisers / Real estate developers / Agents		Writer	Unknown	Business world
	Bush adm.	Funds / Investors					Elite
	Regulators	Wall Street					Other (other)
	Prosecutors	Other (finance)					
	Washington						
	Other (government)						

The first category, Government, represents all the actors of the political sphere, at a local and national level. Sometimes the political sphere as a whole is targeted, which led me to create the sub-category “Washington.” The sub-category “other (Government)” represents an aggregate of think tanks, of States or cities, and of independent politicians, such as Bernie Sanders. The second category, finance, is an aggregation of all the actors of the financial sphere, including credit rating agencies. Again, sometimes the financial sphere as a whole is targeted, which led me to create the sub-category “Wall Street.” The subcategory “other (finance)” represents a miscellaneous aggregate of financial consulting firms, auditing firms, and financial analysts.

The third category, intellectuals, regroups journalists and academics, as well as independent book writers and filmmakers. The fourth category, housing, represents all the actors of the mortgage lending industry, including non-bank lenders, brokers, appraisers, home developers. The fifth category represents the borrowers and consumer advocates, who speak in their name. The last category is the general public composed of anonymous letter writers, opinion polls, or unattributed incidences of blame (“Wall Street has been abundantly blamed for the crisis” could be example of the later). Finally, a last category named “other” represents a miscellaneous aggregate of politicians from other nations, the business world, unions and fuzzy abstraction such as “the business elite.”

I had to make some coding decisions regarding some actors whose category could be ambivalent. Some actors, such as banks, are sometimes targeted both as lenders and as securitizers. The rationale for accusing them is not always mentioned. I chose to include them in the financial sphere, as they are portrayed more as financial institutions. As a general rule, I kept actors in the category, which defines why they are being blamed. For instance former regulators such as Greenspan were maintained in this category, although Greenspan became an economic consultant

after he left the Fed in 2006. Former members of the Bush administration such as Hank Paulson were similarly maintained in this category, although Paulson became a visiting fellow and research associate at various American universities after January 2009.

Three actors change categories over time, because they joined the Obama Administration in January 2009, and are targeted in its name: Timothy Geithner (initially, Government / Regulators); Hillary Clinton (initially, Government / Democrats); and Larry Summers (initially, Intellectuals / Academia). These changes do not affect the result, as the three of them almost stop blaming after they join the Obama administration. One exception to this rule is Obama and his administration. Owing to the prominent role he assumes, I chose to maintain him in a separate category from the outset.

RESULTS

My ambition is to understand blame games and their effect on the social order. There are two parts to my analysis. I analyze what happened and how it happened. I first expose the progressive crystallization of blame on Wall Street. I then relate it to the Democrats' landslide win in November 2008, to the bonus controversy of the winter of 2008, and to actors' uneven capacity to shape the public discourse.

Naming the crisis, naming the witch

Four time periods: unawareness, turmoil, stabilization, settlement

I start the analysis by decomposing the crisis into four temporal periods: the pre-blame game (until August 2008), the heat of the blame game (September 2008 – March 2009), the stabilization era (April 2009 – March 2010), the temporary settlement from April 2010 on. The decomposition is based on extensive content analysis, and on the quantitative analyses presented below. I illustrate the framing of each period with a quote from either journalists or letter writers. Journalists make sense of public discourse, both directly in their articles, and indirectly in their choice of letters to publish. I also track the intertwined definitions of the crisis and of responsibilities. I decomposed each era's targets of blame (Figure 3.1), and dominant definition of the crisis (Table 3.2). I systematically retrieved the word immediately preceding the word "crisis" in my corpus of articles. Table 3.2 shows the difference in probability between its occurrence in each time period and in the whole corpus (for the top 10 words per period).³⁸

³⁸ The measure is imperfect, because there are other ways of naming the crisis ("great recession", "financial meltdown", "economic debacle", to name a few). However it captures well the reframing of the crisis from a minor mortgage debacle to a major financial meltdown.

Figure 3.1: Blaming targets by category and by period

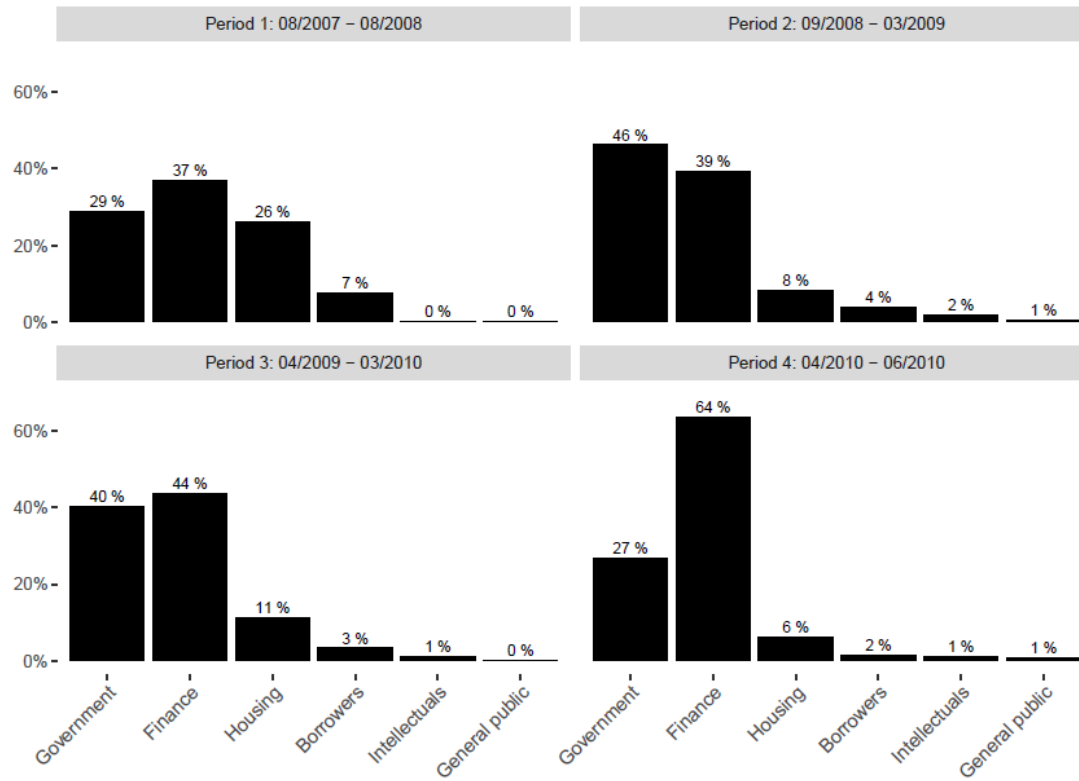


Table 3.2: Gram preceding the word “crisis” - Difference in observed occurrence in a time period and expected probability of occurrence in the corpus

Rank	Period 1 (08/07 - 08/08)		Period 2 (09/08 - 03/09)		Period 3 (04/09 - 03/10)		Period 4 (04/10 - 06/10)	
	Word	Difference	Word	Difference	Word	Difference	Word	Difference
1	mortgage	0.13	financial	0.33	financial	0.43	financial	0.51
2	credit	0.12	the	0.11	the	0.14	the	0.15
3	financial	0.09	economic	0.08	economic	0.07	credit	0.03
4	the	0.08	credit	0.06	this	0.03	economic	0.02
5	housing	0.06	this	0.05	credit	0.02	mortgage	0.02
6	subprime	0.05	current	0.04	foreclosure	0.02	housing	0.02
7	current	0.05	a	0.02	current	0.02	next	0.01
8	foreclosure	0.04	mortgage	0.02	mortgage	0.01	recent	0.01
9	a	0.03	housing	0.02	housing	0.01	a	0.01
10	this	0.01	banking	0.01	banking	0.01	debt	0.01

In period 1, the crisis is defined as a mortgage crisis. Table 3.2 exposes that the lexicon related to mortgage, housing, or foreclosures predominates. It explains that blame is spread between the political sphere (29%), the housing industry (26%), the financial industry (37%), and borrowers (7%) (Figure 3.1). These actors are all present in this quote from *The New York Times* from December 2007: “By some estimates, up to five million Americans might lose their homes through foreclosures, unable to pay off loans in what is known as the subprime mortgage crisis. There was plenty of blame to go around for the disaster: predatory activities by lenders, wishful thinking by borrowers, lack of due diligence by banks and inadequate oversight by the government.”³⁹ The use of the expression “what is known as the subprime mortgage crisis” shows that the crisis has not been fully recognized as such yet. The magnitude of the crisis is also widely underestimated: not five, but thirteen million Americans were threatened by foreclosures by 2010 (The Financial Crisis Inquiry Commission Report, 2011:23). A general unawareness of the extent of the catastrophe prevails.

The explosion of the financial system in September 2008 redefines the crisis as a financial crisis. Table 3.2 shows that the lexicon related to finance, banking, credit, or to the economy predominates in period 2. The crisis also does not really need to be defined any longer. The words “the”, “this”, “current” expose this tacit understanding of the major crisis at stake. A crisis understood as minor is redefined as major, leading to the emergence of unsettled times. Anxiety over the event leads to frenzied searches for guilt. Blame is both widely diluted and concentrated in the financial and political spheres, as this quote from *USA Today* from December 2008 shows: “Responsibility for the financial meltdown is so widespread that there's plenty of culpability to go

³⁹ Source: “Disasters, Natural And Not,” *The New York Times*, December 31st 2007

around. But as a holiday season service, I offer these suggestions of those most deserving of coal in their stockings [followed by a long list of potential culprits, in this order and in these terms: 1/ Investment banks, 2/ Alan Greenspan, 3/ Rating agencies, 4/ Predatory lenders, 5/ Clueless borrowers, 6/ Congress, 7/ George W. Bush, 8/ Bill Clinton, 9/ Regulators].”⁴⁰ This type of article, which tries to cast a wide net of blame, is typical of this time period. Blame is both wide-spread, and concentrated in the financial and political spheres (39% and 46% respectively in Figure 3.1).

The third period opens a period of stabilization. It is time for calmer reflections on the causes of the crisis. Attention is focused on the connection between regulatory failures and excesses in the financial industry, as this quote from *The New York Times* letters from October 2009 illustrates: “The economic debacle on Wall Street was fueled by an intellectually and morally bankrupt administration that (as once and future partners of those involved in the chase for unlimited bounty) allowed lack of regulation and lax enforcement to create an environment where unchecked greed was not only made possible but was also encouraged.”⁴¹ The framing of the crisis as an economic debacle on Wall Street draws the attention to the connection between Wall Street and Washington, which are defined as “once and future partners.” Figure 3.1 shows that blame is split between the financial and political spheres (44% and 40% respectively). Washington is responsible for having created an environment propitious to excessive risk-taking. It is arduous to disentangle the responsibility of each actor. This third period is characterized by calls for accountability, and calls for prosecution of the parties responsible for the crisis.

⁴⁰ Source: “Who’s to Blame for Economy?,” *USA Today*, December 17th 2008

⁴¹ Source: Letters to the Editor, *The New York Times*, October 19th 2009

The calls for prosecution find an echo in April 2010, when the S.E.C. sues Goldman Sachs for fraud. The S.E.C. accuses Goldman Sachs of having failed to disclose vital information to investors in one of its “Abacus” mortgage-backed CDOs in 2007. Most people do not remember this event. There is a clear disproportion between its importance – one lawsuit among many others – and its echo in the media. However, as I will explain throughout this article, the lawsuit proves crucial in the reaching of a temporary settlement. The financial sphere receives 64% of the blame – way ahead of the political sphere (Figure 3.1). The change is quantitative and qualitative. The characterization of Wall Street’s behavior moves from merely immoral to illegal. The ever-wider share of blame attributed to the financial sphere from period 2 to 4 is reflected in the increasing definition of the crisis as a financial crisis. Table 3.2 shows that the difference in probability for the word “finance” soars from period 2 (0.33) to period 4 (0.5).

A quote from *The Wall Street Journal*’s letters exemplifies how the crisis is attached to Wall Street’s behavior: “Wall Street has become a popular target in Washington, and why not? From Main Street’s perspective, Wall Street caused the worst financial crisis since the Great Depression. From Main Street’s view, our economy was doing just fine until those rich bankers’ credit default swaps and mortgage-backed securities caused the near collapse of my financial system.”⁴² The letter writer notes the symbolic gap between Main Street and Wall Street, which is unfairly reinforced by Washington. The appearance of the words “recent” or “next” in Table 3.2 confirms that the symbolic outcasting of Wall Street opens the path for a settlement. The worst recession in the last 80 years, second only to the Great Depression, is now recent History. Commentators are already considering the next potential crisis.

⁴² Source: Letters to the Editor, *The Wall Street Journal*, May 27th 2010

Overall I observe a classic stage model of sense making. The initial period of unawareness is followed by periods of turmoil, stabilization, and settlement. The crisis moves from being defined as a minor mortgage crisis to a major financial crisis, which causes the worst recession in the last 80 years. This redefinition of the crisis echoes the ever-wider share of blame taken by the financial sphere. Figure 3.1 shows that the increasing culpability of Wall Street goes along with the decreasing culpability of other actors: the housing industry and borrowers after period 1, and the political sphere after period 3. The identification of a main culprit results from a process of culpabilization and de-culpabilization.

Blame and Uncertainty

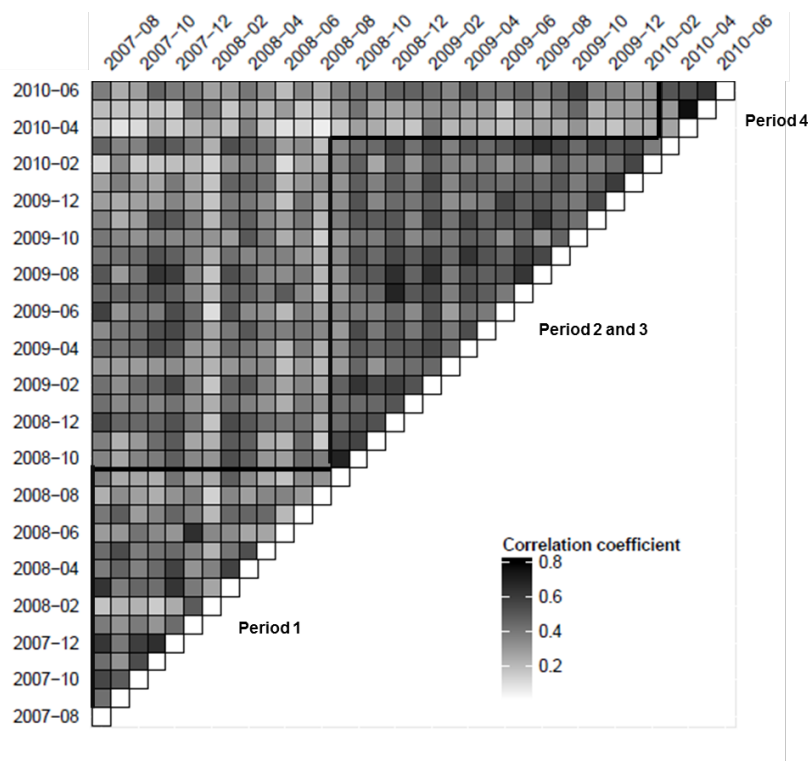
I conducted additional analyses to confirm this temporal decomposition, and to test several hypotheses related to blame dynamics in unsettled times. I hypothesized that unsettled times should be associated with dense and stable matrices of blame.

To assess stability, I measured the correlations between monthly matrices of raw blaming counts using the Quadratic Assignment Procedure (QAP) (Figure 3.2). The matrices connected sources and targets of blame at the level of the 30 sub-categories (see Table 3.1). QAP calculates the association between the relations represented in two matrices, and then uses quadratic assignment procedures to compute the standard errors. I use the resulting matrix to formally detect (temporal) clusters of similar blaming incidences.⁴³ Figure 3.2 shows that until the financial system

⁴³ The model is based on simulation and allows for the detection of communities in valued graphs by running a version of the Spinglass community detection algorithm. More specifically, the method implies three steps. First I calculated the observed correlation. Second, for K iterations (set at 500 in this case), I randomly sorted one of the matrices, and recalculated the correlation. Third I compared the observed correlations to the distribution of correlations created by

explodes in September 2008, the correlation between matrices is low, with a mean at 0.38. From September 2008 to March 2010 matrices become more highly correlated, the mean coefficient reaching 0.48 in period 2, and 0.47 in period 3. It means that overall actors blame more consistently. From April 2010 on, we see another shift. Network structures for the three last months are highly correlated with each other (with a 0.64 mean coefficient), but lowly correlated with the rest of the period. A new era of blame is starting. The analysis confirms that unsettled times begin in September 2008. It also confirms the importance played by the S.E.C. lawsuit.

Figure 3.2: Correlations between monthly blame matrices (QAP)



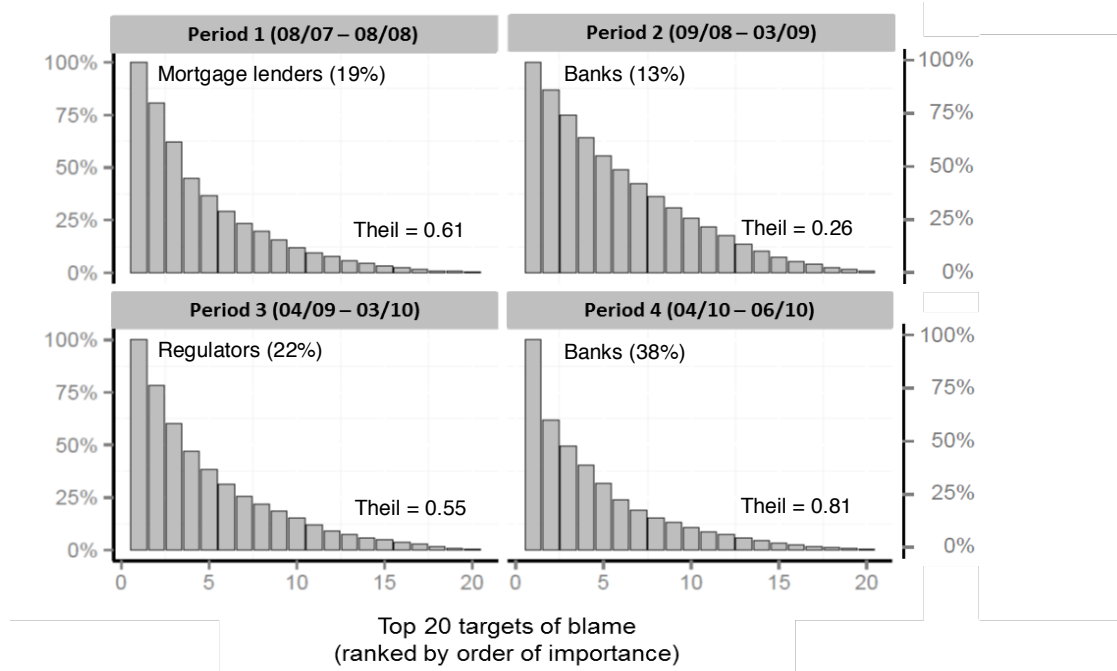
the random permutations. The cells of the matrix contain the differences between the correlation of the observed and the mean of the correlations between the random matrices.

It might seem counter-intuitive that blaming patterns would be *more* correlated during unsettled times. One might expect them to be more chaotic. This expectation relates to another measure. The *scope* of blame is broader during periods of turmoil. Figure 3.3 exposes the cumulative share of blame of the top 20 targets, and corresponding Theil index of each period. As a representation in terms of cumulative proportions per quantiles is widely used in social inequality research, I also computed the Theil index for each time period. The Theil index measures the inequality within and between differently defined population subgroups. It is more relevant to my analysis than a Gini index, which does not include the inequality between subgroups.

I observe a movement of opening and closure of the scope of blame. When the financial system explodes in period 2, the scope of potential culprits widens. The Theil index drops from 0.61 in period 1 to 0.26 in period 2. However during the next two periods, the distribution of blame becomes much more uneven. The Theil index moves from 0.55 in period 3 to 0.81 in period 4.⁴⁴ A main culprit has been identified. Banks cumulate 38% of the blame in period 4. However it is puzzling to see that regulators were the main target in period 3. Interestingly, the Bush administration is never the main target (and actually never appears in the top three). Bush will not become the Hoover of the Great Recession.

⁴⁴ The ordering of the Lorenz curves of each time period is unambiguous. It shows an indisputable dominance of the one of the fourth period, which never crosses the others. The Theil index is more appropriate in this case, but another measure of disparity would not change the results fundamentally.

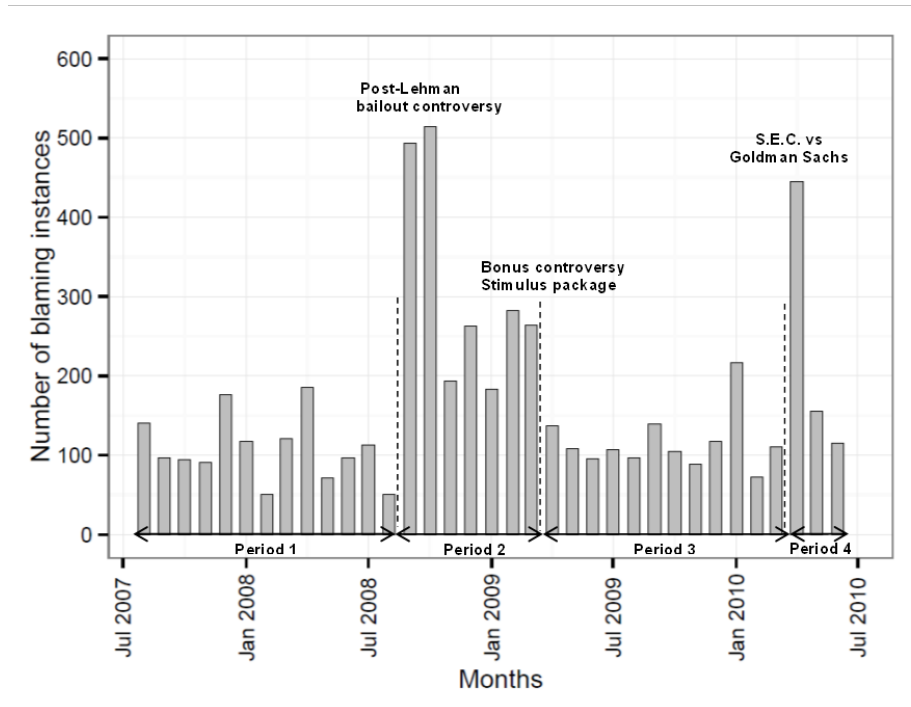
Figure 3.3: Distribution of blame per period



To assess intensity, I measured the evolution of the number of blaming instances per month (Figure 3.4). It shows that as predicted blame is more intense from September 2008 on. There are three major peaks: September-October 2008, February-March 2009 and April 2010. Content analysis reveals that, as predicted, the most important peaks correspond to events initiated by the political sphere. The first peak mostly corresponds to the controversy around the \$700 billion bailout plan to rescue the financial industry passed by Congress on October 3rd. The second peak is mostly triggered by two events: the controversies over the bonus and the stimulus package. A report released by the New York State comptroller in December 2008 starts the uproar. Although bonuses are 44% lower than their 2007 level, they are still comparable to the 2004 bonuses, while Wall Street was just saved by the government. The American Recovery and Reinvestment Act, a \$787 billion stimulus package signed into law on February 17th 2009, also triggers intense debates

on State intervention in the economy. Times are then calmer, opening the period of stabilization. The third peak mostly corresponds to the S.E.C. versus Goldman Sachs lawsuit.

Figure 3.4: Number of blaming instances per month



I summarized the main findings of this first part in Table 3.3 for clarity’s sake. It illustrates the dynamic interplay between the framing of the crisis and the framing of responsibilities. The crisis is increasingly defined as a financial crisis, and Wall Street takes an ever wider share of blame. However frames do not emerge in a vacuum. They are actively pushed by actors engaged in an uneven power game. The association between peaks of blame and political events is a first indication of the power of the political sphere. I will detail how this power manifests itself both directly and indirectly in the second section.

Table 3.3: Summary of the stage model of the crisis

Period	Intensity of blame (Fig. 3.4)	Opening vs Closure (Fig. 3.3)	Targets of blame (Fig. 3.1)	Definition of the crisis (Table 3.2)	Stage model
1	Low	Midway	Finance Government Housing Borrowers	Mortgage crisis	Unawareness
2	High	Opening	Finance Government	Financial crisis “The” crisis	Turmoil
3	Medium	Midway	Finance Government	Financial crisis “The” crisis	Stabilization
4	High	Closure	Finance	Financial crisis “The” crisis Recent / Next crisis	Settlement

A hyper-concentration driven by the political sphere

The Democrats' landslide win in 2008 shifts the balance of power in the blame game. The political sphere can orient what, how, and when events are discussed. Democrats control the floor, and set the tone of the conversation, by using the other party's mistakes. I disentangle several factors behind the dynamic framing of the crisis: first, the November 2008 election; second, the bonus scandal in the winter of 2008; third, the role of the S.E.C. versus Goldman Sachs trial; fourth, the uneven distribution of voices in the media.

The rise of the Democrats

A major event happens in November 4th 2008: Obama is elected President of the United States, and the Democratic Party increases its majority in both chambers of the Congress. The influence of the Democrats in the media increases dramatically after the election. This shift helps explain the increasing focus on Wall Street. I demonstrate this point by measuring both the intensity and composition of the blaming incidences of both camps over the four time periods. Figure 3.5 represents the number of blaming instances by the political camp over the four time periods. Table 3.4 decomposes the top six blaming targets of the Democrat and Republican camps over the four time periods.

Figure 3.5: Number of blaming instances per period, Democrats and Republicans

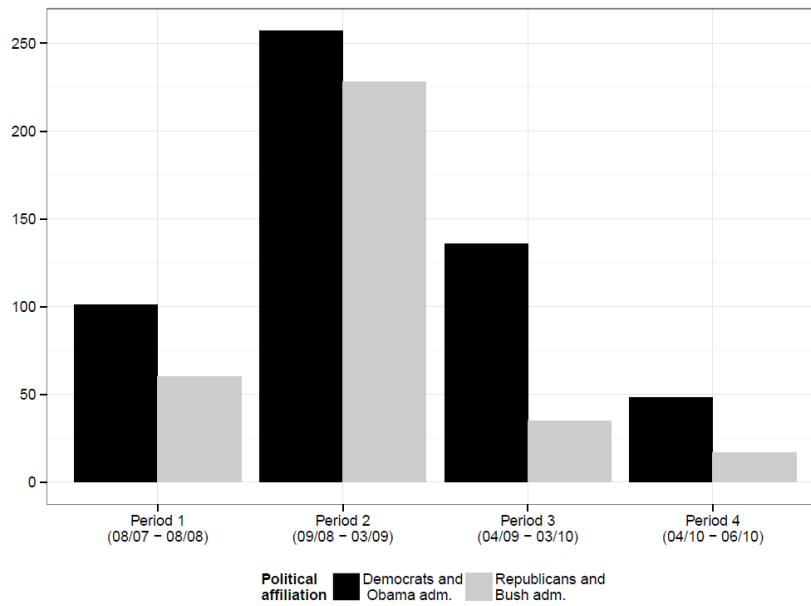


Table 3.4: Top 6 targets of blame, Democrats and Republicans, Whole period

	Period 1 (08/07 - 08/08)	Period 2 (09/08 - 03/09)	Period 3 (04/09 - 03/10)	Period 4 (04/10 - 06/10)
Bush administration	39%	36%	7%	5%
Republicans	5%	21%	4%	5%
Regulators	13%	9%	29%	8%
Mortgage lenders	33%	8%	5%	8%
Wall street	6%	16%	24%	41%
Banks	5%	10%	31%	33%

	Period 1 (08/07 - 08/08)	Period 2 (09/08 - 03/09)	Period 3 (04/09 - 03/10)	Period 4 (04/10 - 06/10)
Obama administration	0%	14%	15%	7%
Democrats	0%	18%	8%	7%
Regulators	15%	13%	54%	0%
Fannie / Freddie	8%	16%	12%	71%
Mortgage lenders	50%	8%	4%	7%
Wall street	27%	32%	8%	7%

Democrats strongly dominate the blame game after they seize power. Figure 3.5 shows that the ratio of blaming incidences sent by Democrats versus Republicans soars dramatically after the second period. It represents three-quarters in the third period, and almost two-fifths in the fourth period. It can be explained by four factors. First it reflects the hierarchy of news sources established in Gans' classical study (1979): the President followed by national politicians dominate the news. Logically elections have an impact on the hierarchies of news sources. Second it echoes the "honeymoon period" that follows any presidential election, coined "Obama mania". Thirdly it reflects Democrats' higher moral ground: they were not in power during the eight years that preceded the crisis. Table 3.4 shows that once the Presidential campaign is over, Democrats shift their story. They stop blaming the Bush administration or Republicans. They do not play the traditional Washington blame game any longer. This is very surprising, since blaming the previous administration is a classic political strategy to justify difficult decisions.

It can be explained in three ways. First, it corresponds to Obama's initial philosophy of reconciliation. This implies reaching out beyond his political camp. Second, this shift can be interpreted as a response to the threat of the Tea Party movement. The movement emerged in February 2009 as a reaction to the bailouts and stimulus package. Blaming Republicans could strengthen the libertarian movement, and complicate negotiation processes. Third, Obama announces major reforms of banking regulation in June 2009. To support this move, in period 3 Democrats heavily blame the targets of change: the financial industry (24% for Wall Street and 31% for banks) and regulators (29%). But in period 4, they focus more explicitly on the financial industry (41% for Wall Street and 33% for banks), which is resisting the proposed changes. Regulators only represent 8% of the blame within the top six targets. Democrats switch targets depending on their agenda.

Table 3.4 shows that at the beginning, Republicans focus their attention on Wall Street (27%) and Mortgage Lenders (50%). It is rather logical that the political party in power for the eight years prior to the crisis tries to deflect blame outside of the political arena. In period 2, they spread the blame widely. They focus on Wall Street's recklessness (32%), and on the homeownership policy, promoted by Democrats through Fannie Mae and Freddie Mac (18%). Republicans' targets of blame change in periods 3 and 4. They focus their attention on the role of State intervention in the economy, embodied by regulators (54%) in period 3, and by Fannie Mae and Freddie Mac (71%) in period 4.

Republicans try to shift back the story to the mortgage roots of the crisis, which could be more favorable to them. But again, Republicans are not only trying to differentiate themselves ideologically. The fact that they stop targeting the financial industry has to be connected to lobbying efforts. While the financial industry supported Democrats in 2008, it switched back to supporting its traditional Republican ally in 2009. As expected, it also heavily intensified its lobbying efforts. Between 2006 and 2010, the amount of money the financial / insurance / real estate industry spent on lobbying increased by 26.5%.⁴⁵ The increase is particularly impressive in dire economic times. Republicans do not blame their supporters – but do not go as far as defending them either. Coalitions between Wall Street and politicians changed over time, partly explaining the evolution of the blame game.

⁴⁵ Source: Center for Responsive Politics. Website: <http://www.opensecrets.org/lobby/indus.php?id=F>.

The Crucial Moment

One might argue that the financial meltdown in September 2008 changed the nature of the crisis itself, from a mortgage to a financial crisis. This explanation would then reduce the switch in dominant narratives to “objective” facts, rather than to the power of the Democrats. The chronology of events offers the possibility to assess more clearly the role played by the election. The election happened on November 4th, while the financial system crumbled from September 2008 on. I split period 2 into a period 2a (September 1st – November 3rd) and 2b (November 4th – March 31st). This period is crucial as initial frames are rarely disconfirmed (Entman 2004). Figure 3.6 decomposes the number of blaming instances of each political camp. Table 3.5 decomposes the top 6 targets of the whole dataset (including Democrats and Republicans). I choose here a more fine-grained level of analysis than in Figure 3.1. My goal is to capture the subtle influence of Republicans’ frame rather than provide a big picture of the dynamic framing of the crisis.

Figure 3.6: Number of blaming instances, periods 2a and 2b, Democrats and Republicans

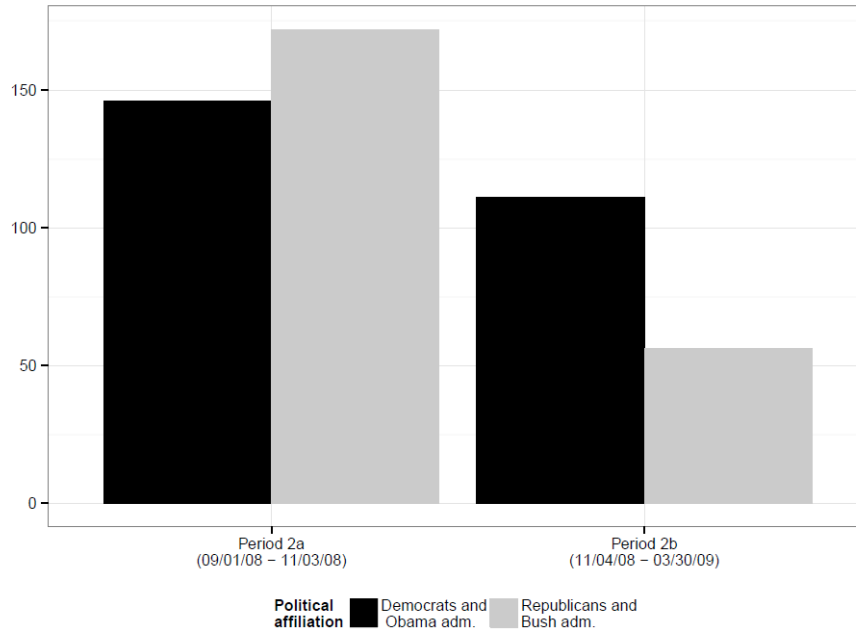


Table 3.5: Top 6 targets of blame, Whole dataset, Periods 2a and 2b

Period 2a (09/01/08 - 11/03/08) (N = 717)		Period 2b (11/04/08 - 03/31/09) (N= 566)	
Wall street	19%	Banks	25%
Banks	19%	Regulators	23%
Regulators	18%	Wall street	16%
Bush administration	18%	Funds / Investors	13%
Fannie / Freddie	14%	Mortgage lenders	13%
Washington	12%	Bush administration	11%

Figure 3.6 shows that Republicans slightly dominate until they lose the election. Then they abruptly stop being heard. In line with indexing theory (Bennett 1990), their narrative loses ground in the media. Open disagreement between political camps determines whether the media diverges from the ruling government line. Table 3.5 exposes that Fannie Mae and Freddie Mac, which gathered 14% of the blame in period 2a, disappear from the top 6 in period 2b. The institutions, which Republican Presidential candidate McCain claimed were the match that started the fire, actually rank 13th. Table 3.5 also shows that the Bush administration's blame share drops from 18% to 11% of the top 6. Its decisions to let Lehman fail, to generously save Wall Street, and to neglect the housing crisis could have been widely criticized. Bush's fate might be the best indicator of the Democrats' influence on the public discourse. *The Wall Street Journal* editorialists are fully aware of the turn towards the Democrats' narrative, when they write right before the election: "Derivatives are the irresistible story now, because they offer the opportunity to shift the blame from bad housing policy and they suggest that a lack of financial regulation was the problem."⁴⁶ Both the Democrats' election, and the Republicans' silence, will amplify this move.

The more Democrats push the excessive market narrative, the more Republicans try to push an excessive State counter-narrative. The Republicans' narrative does not stick – partly because they do not have as much power to impose it, and partly because their narrative does not resonate with the public anger directed at Wall Street after the bonus controversy. The bonus controversy is a key weapon for the Democrats. In a blame game, the accuser can use the accused's mistakes to win audiences' approval.

⁴⁶ Source: "Barack Wrote a Letter..." *The Wall Street Journal*, October 29th 2008

The bonus controversy

As stated earlier, a report released by the New York State comptroller in December 2008 started the uproar. The total amount of bonuses on Wall Street for 2008 amounts to \$18.4 billion, which was then the sixth largest round of bonuses on record. The public uproar is striking if we compare it to the relative indifference given to the exit-pay package that S. O’Neal received only a year earlier. He received the fifth-largest exit-pay package for a U.S. executive (\$161.5 million) when he left a bleeding Merrill Lynch. Democrats actively used the distribution of bonuses to push their legislative agenda.

At a time when news commentators seem unaware of the looming problem, New York State Attorney General A. Cuomo demands that A.I.G.'s directors take steps to claw back payments in mid-October 2008. Bonuses then become a center of focus in Washington. On January 29th 2009, Obama accuses Wall Street banks of displaying “the height of irresponsibility” and of letting down the American people. In the same vein, on February 11th Wall Street banks’ CEOs confront a hostile congressional committee. In March, the House of Representatives votes in favor of a bill to levy a 90% tax on big bonuses from firms bailed out by taxpayers (which will never be implemented). The pressure intensifies as the year goes by. On December 13th, Obama declares: “I did not run for office to be helping out a bunch of fat cat bankers on Wall Street.”⁴⁷ He then proposes a “financial crisis responsibility fee” on January 14th 2010, as well as restrictions on proprietary trading. Strikingly these proposals happen the day after the first Financial Crisis Inquiry Commission hearings on January 13th. The Democrat-dominated commission chooses to

⁴⁷ Source: “Obama Slams 'Fat Cat' Bankers,” *The Wall Street Journal*, December 14th 2009

call to account Wall Street banks' CEOs first. The order and timing of witness appearances is crucial in the public discourse battle. The new financial regulations will be signed into law in July.

The bonus controversy plays a crucial role in opening a symbolic gap between “Wall Street” and “Main Street.” Entman (2003) shows that a frame must be packaged in words and images that are noticeable, understandable, memorable, and emotionally charged to resonate with a wider audience. Bonuses are a sign that bankers gamed the system to their benefit – and to everybody else’s loss. An excerpt from *The New York Times* from January 2009⁴⁸ captures the idea well: “But words like ‘off-balance-sheet vehicles’ and ‘mortgage-backed securities’ don't have much meaning for most of us. What we understand is greed. For most Americans, big bonuses and corporate jets and office remodelings become a kind of stand-in for the real sins of the bankers.” In a high uncertainty context, causality is constructed by using the heuristic tool of “following the money.” Bonuses anchor *both* causality and moral wrongfulness, and trigger a strong emotional reaction.

The symbolic gap will be reinforced by the discrepancy between Wall Street’s fast recovery and Main Street’s slow recovery in 2009 and 2010. Though a large number of banks failed or nearly failed during the crisis, on the whole they recovered quickly. The total financial sector profits reached \$428 billion in 2006, and then dropped to \$128 billion in 2008. But they bounced back to \$242 billion in 2009 and \$369 billion in 2010, thanks to low interest rates and low-cost government borrowing (The Financial Crisis Inquiry Report 2011:401). This fast recovery while the overall economy struggled creates a “war profiteer” syndrome. Wall Street banks CEOs lobbying and communication efforts also have disastrous effects. The latter probably culminated

⁴⁸ Source: “It's Not the Bonus Money. It's the Principle,” *The New York Times*, January 31st 2009

in November 2009 when Goldman Sachs CEO claimed that he refused to put a cap on bonus and ambition, because banks were merely “doing God’s work.”⁴⁹ The chieftains of Wall Street present an attitude that appears arrogant and self-serving.

The bonus controversy anchors the image of a self-serving banker, reinforced by good financial results and resistance to change. The comparison with the previous year shows that a different context redefines these compensation practices as deviant. As J. Dimon, CEO of J.P. Morgan says the bailout has become a “Scarlet letter.”⁵⁰ Self-serving behavior triggers blame, in line with disaster theories. My analysis pushes this literature further. It shows that Democrats promote this self-serving image. Journalists overwhelmingly concur with politicians’ narrative, although they sometimes regret that politicians’ “headline obsession with bonuses”⁵¹ prevents deeper reflections on the crisis triggering mechanisms.

Tests and spillover effects

The lead taken by Democrats, and the bonus controversy, help explain how blame shifted towards Wall Street. But they do not explain the final hyper-concentration on Wall Street’s responsibility. They neither explain the importance taken by the S.E.C. lawsuit in April 2010, nor the decrease in regulators’ responsibility either. The explanation is again to be found in the power of the political

⁴⁹ Source: “Blankfein Says He is Just Doing God’s Work,” *The New York Times*, November 9th 2009

⁵⁰ Source: “Goldman Is Feeling Unloved,” *The New York Times*, April 17th 2009

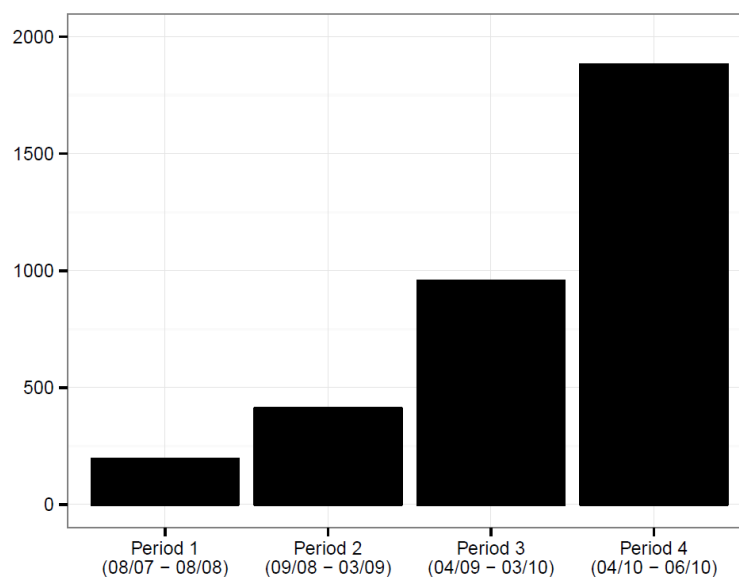
⁵¹ Source: “We Can’t Subsidize the Banks Forever,” *The Wall Street Journal*, May 5th 2009

sphere. The political sphere can promote events. Events act like tests which can have a massive spillover effect.

The S.E.C. investigation appears at a point when attention is already centered on Goldman Sachs. The bonus outcry culminates in March 2009. It is announced that A.I.G. has crashed to become the biggest corporate loss in US history, and paid out a total of \$218 million in bonuses after accepting bailout cash. A.I.G. top executives receive death threats. The outcry decreases after April 2009, in the stabilization era. But a new villain clearly emerges: Goldman Sachs. Figure 3.7 computes the number of times Goldman Sachs is mentioned per period. The mentions almost double from one period to the other. Goldman Sachs increasingly becomes the focus of attention. The magazine *Rolling Stone* publishes a well-known article about Goldman Sachs in July 2009, accusing it of being “a great vampire squid wrapped around the face of humanity.”⁵² The reason why the attention drifts towards Goldman Sachs is that it appears the greatest war profiteer in this crisis. Contrary to A.I.G., Goldman Sachs posted a \$13.4 billion profit in 2009, a Wall Street record.

⁵² Source: “The Great American Bubble Machine,” *Rolling Stone*, July 13th 2009. One might wonder if this article is not key in switching the attention towards Goldman Sachs. This explanation is insufficient because Goldman Sachs starts being a central focus in April 2009, three months before its publication.

Figure 3.7: Number of mentions of Goldman Sachs per period



A frame is set which explains the echo of the S.E.C. versus Goldman Sachs lawsuit. An agent carrying the legitimacy of the State accuses the world's most prestigious bank of *illegal* rather than simply *immoral* behavior. The prosecution has a spillover effect: Goldman Sachs' behavior is taken as representative of Wall Street's. The lawsuit helps find closure in the narrative, by asserting the violation of community standards. It is interesting to note that a regulator voices the accusation. The S.E.C. is seen as regaining strength through the accusation, after having been asleep at the wheel for too long. It is also interesting to note that the spillover effect happens three months before the signature of the Dodd-Frank regulatory package. Reputation can help regulation.

This spillover effect is striking because in period 3 regulators were still the main accused. Many potential tests, and notably B. Bernanke's confirmation in January 2010, could have had a

large spillover effect. But I observe a movement of de-culpabilization of regulators. They are still distrusted for failing to anticipate the crisis, and failing to regulate mortgage and financial institutions appropriately. But their reaction to the disaster is perceived adequate. B. Bernanke in particular is seen as the expert of the Great Depression who saved the economy. This quote from a July 2009 op-ed from N. Roubini, one of the few economists who predicted the explosion of the bubble, illustrates this point: “Mr. Bernanke deserves to be reappointed. Both the conventional and unconventional decisions made by this scholar of the Great Depression prevented the Great Recession of 2008-2009 from turning into the Great Depression 2.0.”⁵³ Bernanke is perceived as the expert who saved the economy. His academic background and lack of connection to Wall Street help this transformation. His confirmation will finalize this movement of de-culpabilization, and prevent a spillover effect on regulators as a whole

Again though, frames do not emerge in a vacuum. They have to be related to wider power games between accusers, accused and audiences. Powerful accusers do not have a strong interest in heavily blaming regulators. The Obama administration supports B. Bernanke’s confirmation. B. Bernanke himself revealed an unexpected political genius during the crisis. His open and humble communication style markedly differs from the abstruse and laconic style of his predecessor, A. Greenspan. He regularly discusses his policy in public meetings. He walks along Main Street in his home town in CBS’ *60 minutes* in March 2009. When powerful actors do not back the accusations, and when the accused deploy adequate strategies, journalists endorse the accusation timidly. Strikingly journalists mostly use the passive form to blame regulators. The category “unknown” is most often used to blame regulators across time periods. The decomposition of the

⁵³ Source: “Does Bernanke Deserve Another Term?: The Great Preventer,” *The New York Times*, July 26th 2009

top 10 targets of blame of this “unknown” category is telling. Regulators represent 29% of the top 10 in period 1, 18% in period 2, 37% in period 3, and 19% in period 4. The category unknown is the regulators’ main accuser in period 3. More importantly narratives on regulators convey a story of mistakes rather than misconduct. Their behavior is not perceived to be self-serving.

During unsettled times any event could become an important catalyst of blame. During these events, blame can have a contagious effect. Blaming a part can lead to blaming the whole. A prosecution against Goldman Sachs anchors the principle of Wall Street’s responsibility. Conversely, a belonging to a whole grounds (or prevents) the blame to the part. Bernanke’s affiliation to academia (and not to Wall Street) is underlined to anchor his image of “Great Preventer.”

An imbalance of power

This active construction of events might not have happened so forcefully if the power to shape the public discourse was evenly distributed. I represent what I called the field of accusation in Figures 3.8 and 3.9. These matrices connect the accusers and the accused by field, period by period (Figure 3.8) or during the whole crisis (Figure 3.9).

The figures show that business actors, be they in the financial or mortgage industry, do not shape the blame game at any point in time. In Figure 3.8, the financial industry only sends 499 ties, and receives 2323, and the housing industry sends 95 ties, and receives 719. There are in fact three categories of actors: the ones who accuse (intellectuals and the general public), the ones who are accused (finance, housing, and borrowers), and the ones who accuse and are accused (Government). Figure 3.8 also exposes the fact that the categories that receive most of the blame

– Government, finance, housing – show a very high level of internal blame game. The financial industry overwhelmingly blames itself (355 ties out of 499 sent) and so does the housing industry (39 ties out of 95 sent). The more a field is under attack, the more actors protect (or further) their own position by deflecting blame internally. The blame game reveals and reinforces field logics. Social hierarchies can be redefined in these unsettled times, leading to strong rivalries. By enacting these rivalries, actors actually reinforce the blame targeted towards their own category, instead of diffusing it externally for instance.

Figure 8 (a, b, c, d): Matrices of blame per period (period 1, period 2, period 3, period 4)

NB: The scale varies period by period. For simplicity, the category “Other” is not displayed in the matrices.

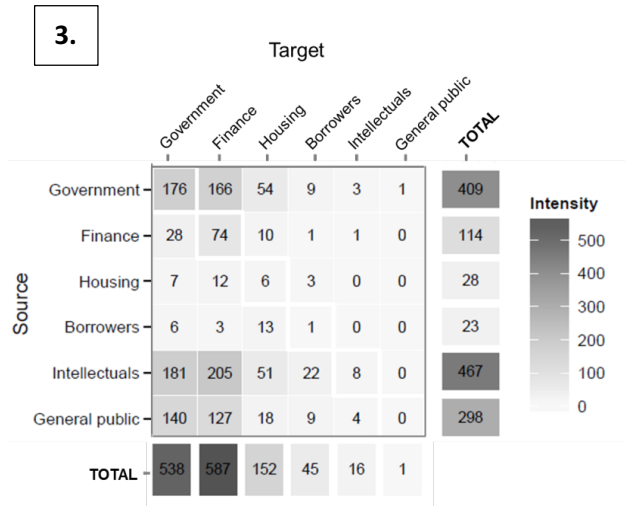
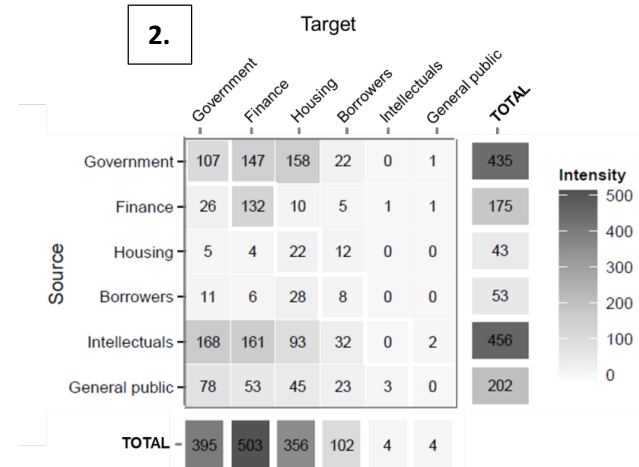
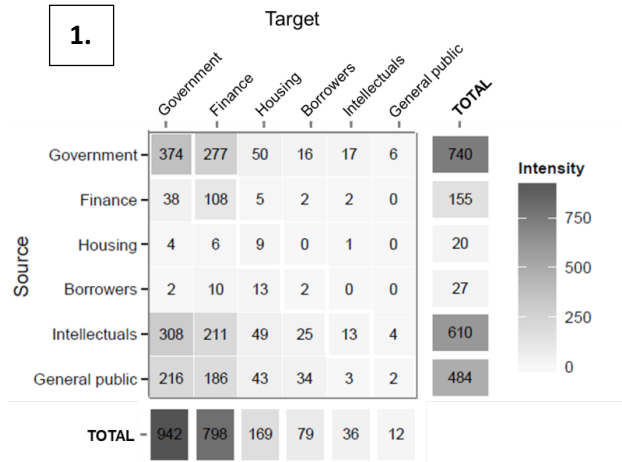
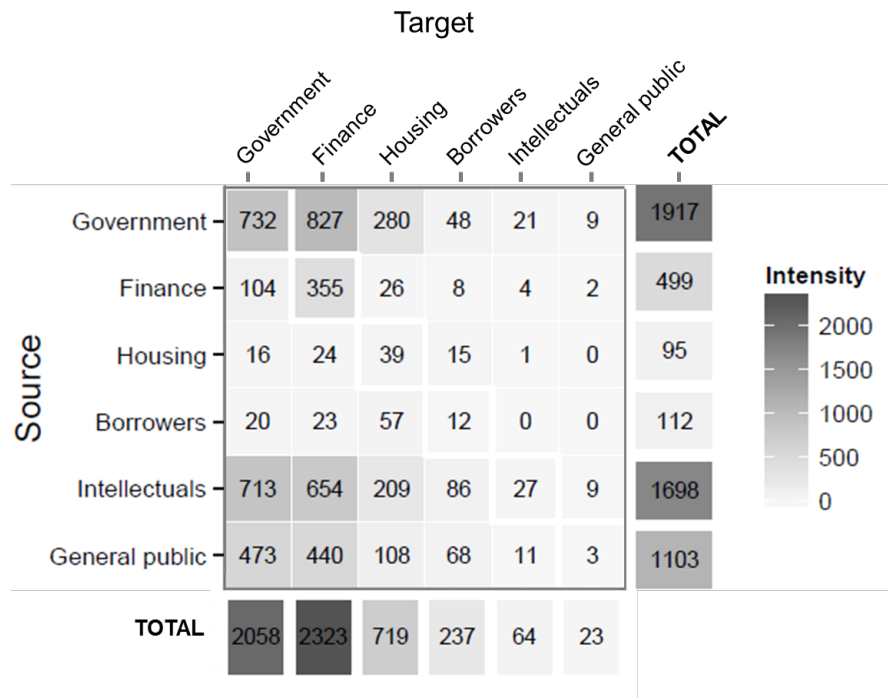


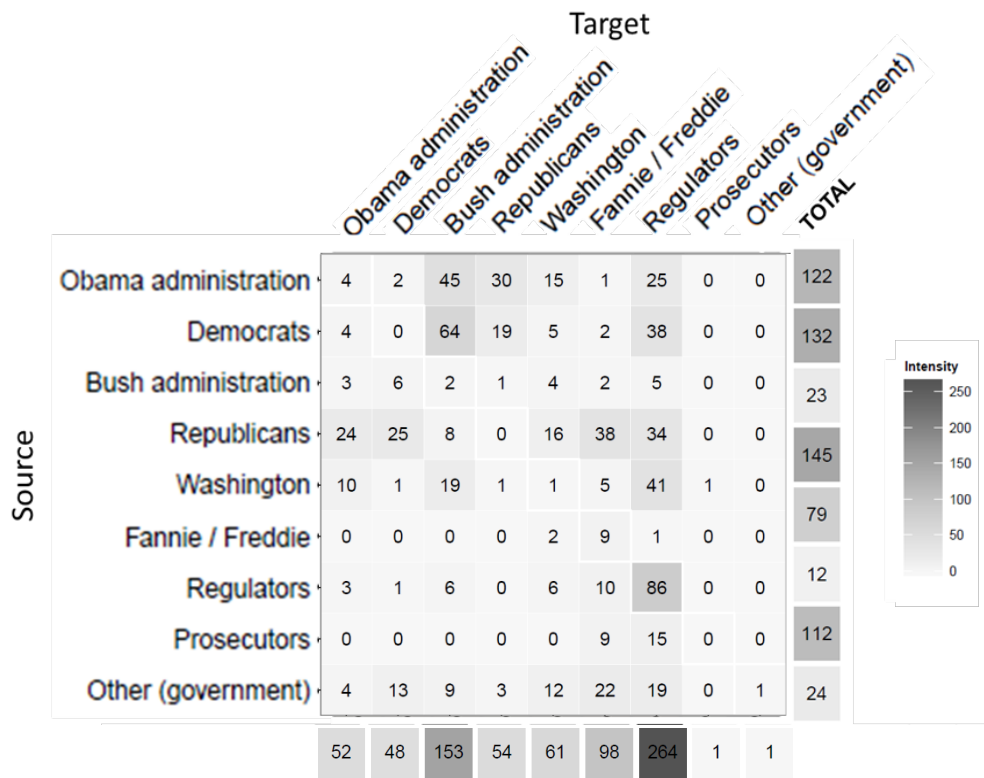
Figure 3.9: Matrix of Blame, Whole Period



The decomposition of the field of Government exposes how these dynamics work (Figure 3.10). It shows an imbalance of power between accusers and accused within the field. The three biggest targets of blame, which are regulators, the Bush administration, and Fannie Mae / Freddie Mac, are not big emitters of blame. Regulators send 112 ties and receive 264, the Bush administration sends 23 ties and receives 153, and Fannie Mae / Freddie Mac receives sends 12 ties and receives 98. Again they show a high level of internal blame game, accounting for around three-quarters of the blame sent by regulators and Fannie Mae / Freddie Mac respectively (interestingly though, the Bush administration rarely blames itself). Figure 3.10 shows that the blame game is structured around the traditional oppositions between Democrats and Republicans,

which was to be expected. Interestingly, the positions of Democrats and Republicans in Congress are slightly different from the positions of both Presidents. It shows that, as predicted, political ideologies should be crossed with structural positions in analyzing blaming incidences. For instance, Obama blames regulators less, but Washington more than Democrats do. He assumes the gravitas of a President.

Figure 3.10: Matrix of Blame, Government, Whole Period



In this section, I have exposed why blame increasingly targeted the financial sphere. The takeover of Washington by Democrats coincides with the beginning of the bonus controversy. Democrats increasingly insist on Wall Street’s responsibility in order to push legislation in Congress. They surf on the deep public anger caused by Wall Street’s past and current behavior.

However such a crystallization might not have been so stark if voice power had been more evenly distributed in the media.

DISCUSSION

This chapter exposes how a blame game led by the political sphere, and Democrats in particular, led to the crystallization of blame on Wall Street. What follows is a description of the contributions, the generalizability and limitations of my work.

The main contribution of this chapter is to produce a theory of blame games. I have defined them as a dynamic process of accusations and counter-accusations. Blame games are not senseless eruptions of anger. They are, rather, structured and dynamic processes of boundary drawing. The soaring culpability of Wall Street goes along a decreasing culpability of borrowers and the housing industry first, and of the political sphere second. Blame is shaped by a process of culpabilization and de-culpabilization. This process echoes an overall process of sense making. The ongoing reframing of the crisis echoes the reframing of responsibilities. The crisis is increasingly defined as a financial crisis, as the focus is increasingly on Wall Street. To a cast of possible deeds, there corresponds a cast of plausible perpetrators (Tilly 2008). Logical candidates for blame are progressively discarded. But this outcome is the result of an active construction of causality and moral wrongfulness. As Faulkner (Faulkner 2011: 16) argues, it is “a virtuoso exercise in the redescription of behavior in order to transform its moral significance.” This construction is still anchored in facts and events. The point is that some are highlighted more than others.

Using the concept of blame games helps me build and depart from previous approaches on the assignment of responsibility. I go beyond the idea of a “resonance” of frames with a wider context. I reconnect accusatory frames to the actors who push them, and re-embed them in a wider field of power relations. The success of an accusatory frame depends on the power of the accuser, the weakness of the accused, and the acceptance of the audiences. Power here refers to the material, institutional, rhetoric and status resources that actors can deploy to orient the public discourse. One might wonder why powerful actors do not simply crush their opponents in a public blame game. The Obama administration needs Wall Street to start lending again, and Republicans not to oppose regulation. While it has the power to crush other actors, it might be wise not to use it fully. A President might also lose his/her gravitas if s/he uses this power too profusely. Actors must find a balance between competition and cooperation to further their interests.

The theory I delineated calls for an examination of its generalizability and limitations. This work participates in the understanding of a wide range of disruptive events, from uncoupling to natural disasters. Blame games are universal processes that can emerge in many contexts of disputes. My study involved the specific case of an immensely complex and system-wide crisis. It has three implications. First, a myriad of actors could be deemed responsible. Second, establishing causality, and therefore responsibility for the crisis is difficult. Many different interpretations of the crisis could be given. I argued that moral wrongfulness matters at least as much as causality in this context. Moral wrongfulness defines the line between the “good guys” and the “bad guys.” Third, the crisis had repercussions for American society as a whole (and beyond). I think that this led to a particularly intense blame game, whose outcome could not be fully predicted *ex-ante*. Further research is needed to validate this assumption though, by comparing this case to others.

Although my case is specific, I have laid out a model applicable to many different contexts. Researchers studying blame games should start by analyzing the logics and means of actions of the competing coalitions. This power game can also explain the resonance of a frame with a political and historical context. But time continually recomposes both the context and the structure of power relations. Powerful actors under fire can see their legitimacy shaking, and lose their capacity to shape the public discourse. Revolutions can start with a blame game. The empirical study of blaming dynamics uncovers what I call fields of accusation. I have defined them as a public sphere where actors compete to assign responsibility, in a game of accusations and counter-accusations. The fields vary depending on the scope of the disaster, the harm done, and the investigations conducted. The fields are themselves dynamic. Their boundaries can expand (or shrink) as the scandal expands (or shrinks).

There are several limitations to my study. First, it does not take into account other potentially related blame games. Republicans have an interest in driving the attention towards other issues, such as health care policies. If they don't like what is being said, they can switch the conversation. Second, it captures blame dynamics over a short period of time. The collective memory literature (Giesen 2016, Levy and Sznajder 2004, Olick 2007, Tsutsui 2009) shows how responsibility assignments constantly evolve over time. Responsibility for World War 2 evolved from being hyper-concentrated on a few culprits to being hyper-extended to humanity as a whole. It is unclear how blame patterns for the crisis will evolve over the long run.

Third, this study analyzes how actors push frames that overlap in assigning responsibility. However two different parties for different reasons can blame the same actor. Democrats and Republicans typically disagree on the appropriate level of State intervention in the economy. They might both accuse the Fed, for doing too much, or too little to save the economy. An interesting

study could disentangle the claims behind accusations. It would similarly reconnect them to the actors who push them, and study claims' evolution over time. Such study would try and understand how actors themselves conceive the interplay between morals and markets (Fourcade and Healy 2007, Fourcade et al. 2013), how they justify their claims, and how their denunciations are received (Boltanski et al. 1984). This study could illuminate another important factor in explaining the success of an accusation: the validity of claims.

This article deals with reputation rather than regulation. However the discrepancy between the frenzied search for guilt and the timid regulations that followed triggers a “so what?” question, both empirically and theoretically. I argue that this discrepancy is actually significant. The disaster research (Drabek and Quarantelli 1967) shows that the more intense the search for responsible parties, and the less the efforts to correct permanent problems. Conversely, the absence of personal blame can lead to major structural changes. The absence of major structural change and the intense search for guilt have to be read in conjunction. Yet a competing hypothesis could be true. The timid regulations could be seen as an effect of a lack of strong involvement of powerful actors. The Democrats' attacks might seem timid in comparison with the violent rhetoric that President Roosevelt and F. Pecora deployed during the Great Depression. The crisis might well have been the failed revenge of the Democrats. This competing hypothesis points to the role of agents in enacting their environment. Only a comparative study could adjudicate between both hypotheses.

APPENDIX

Conducting this media analysis was a long and thorough process, which took two years. The corpus of articles containing blaming patterns represents 10,161 pages of word documents (4,798 for *The Wall Street Journal*, 4,260 for *The New York Times*, 1,103 for *USA Today*).

- Sampling

I first gathered all the articles containing at least one blaming pattern related to the crisis. The main focus of the article could be the crisis itself, or any other matter. To retrieve the articles, I used search words as the lexicon related to causality, responsibility, accountability, and the diverse denominations of the financial crisis. The list is the following:

(Caused or cause or causing or produced or producing or produce or triggered or trigger or triggering or induce or induced or inducing or lead to or leading to or led to or mechanism or mechanisms or resulting or result or resulted or the heart of or origin or originating or originated or contribute or contributing or roots or rooted or provoked or provoking or provoke or precipitate or precipitating or precipitated or bring about or brought about or prompting or prompt or prompted or sparking or spark or sparked or starting or start or started or deriving or derive or derived or stem or stemming or stemmed or fueled by or enable or enabled or enablers or arise or arising or arose or emerge or emerging or emerged or failed or failure or failing or reckless or responsible or irresponsible or greed or misconduct or cupidity or greedy or predatory or liar's loan or no doc or responsibility or blame or blaming or blamed or blamable or guilt or guilty or fault or faulting or faulty or imputable or imputation or imputed or imputing or shame or shaming or accusing or accuse or accused or accusation or charge or charging or charged or ascribing or ascribe or assign or assigned or assigning or culpable or on the hook or reprehensible or complaint or complaining or castigated or castigating or criticized or criticizing or denouncing or denounced disapproving or disapproval or implicating or implicated or reproaching or reproached or trespassing or trespass or transgressing or transgression or wrongdoing or misconduct or mistake or offense or misuse or attacking or attacked or point the finger or prosecuted or prosecuting or recriminated or accountability or accountable or liable or liability or answerable or answerability or onus or burden) AND (housing slump or housing bust or housing bubble or subprime mortgages or foreclosures or credit crunch or financial crisis or economic crisis or great recession or global recession or turmoil or subprime crisis or subprime mortgage crisis or crisis)

- Coding

I then identified all the blaming incidences in each article. I coded incidences which were related to the crisis itself. This coding strategy excluded philosophical discussions on the bailout for instance (deemed “un-American” by some). This coding method also excluded discussions about future potential consequences (as in the bailout *could* worsen the situation). This means that I would select a sentence where an actor thought that Paulson’s inconsistent bailout proposals *did* aggravate problems on the financial market. I had three coding criteria: An actor (a) a causality link (b) related to the crisis (c). I selected instances where an actor thought another actor’s past or present actions had a negative and real effect on the crisis. An article could contain multiple incidences of blame, sometimes in the same sentence. For each blaming instance, I distinguished a source and a target of blame (actor A blames actor B). Finally, both actor A and actor B were positioned in a category and sub-category. I excluded both mechanisms (“derivatives”) and abstractions (“capitalism”) from the coding. What follows are several examples and counter-examples of coding.

The president said the financial crisis, which has cost more than 8 million jobs so far, was “born of a failure of responsibility from **Wall Street** all the way to **Washington**.” (*USA Today*, 04/2010)

➔ Obama (Government / Obama administration) >> Wall Street (Finance / Wall Street)

➔ Obama (Government / Obama administration) >> Washington (Government / Finance)

Today, **the Bakers** owe \$30,000 on credit cards and \$105,000 on a home worth only \$63,000.

They blame **themselves** but also say **lenders** share responsibility for “making it so easy” to borrow.

(*USA Today*, 06/2008)

➔ The Bakers (Borrowers / Borrowers) >> The Bakers (Borrowers / Borrowers)

→ The Bakers (Borrowers / Borrowers) >> Mortgage lenders (Housing industry / Mortgage lenders)

In “Efficient Market Theory and Crisis” (op-ed, Oct. 29), Jeremy J. Siegel convinced me that the efficient market hypothesis was a contributing factor to the financial crisis. If the prices of securities reflect “all known information that impacts their value,” then why did these prices not reflect all the information Mr. Siegel said “should have sent up red flags and cast doubts”? (*The Wall Street Journal*, 11/2009)

→ No blaming tie

As a Republican, Mr. Shelby would normally be the one to defend a Republican president's policies. Instead, he's the leader of a mounting chorus of conservatives who think President George W. Bush has sold out conservative principles. "I think we're going down the road of France now." (*The Wall Street Journal*, 09/2008)

→ No blaming tie

- Inter-reliability coding

To test the robustness of both my categories and my coding, I asked two external coders to analyze a random sample of 100 articles. The sample was drawn from the three newspapers in proportion of their importance in my population. The coders had to answer the question: who is blaming who for negative consequences related to the crisis? I asked the coders to follow the same method I used. First they had to identify if and where there was a blaming pattern in the text. Then they had

to identify who was blaming who. Finally they had to assign categories to the source and the target of blame, at the level of a category (“Housing”), and sub-category (“Mortgage lenders”). Intercoder reliability was calculated by using Fleiss’s Kappa, which allows for computations for more than two coders. It measures the proportion of agreement between raters taking chance into account, and is therefore more reliable than simple percent agreement (Kolbe and Burnett 1991, Stemler 2001). It compares observed agreement with expected agreement. The metric goes to 1 when coding is perfectly reliable and to -1 when the observed agreement is lower than the expected value. Fleiss (1981) provides a scale to interpret his statistic. A measure below 0.40 indicates poor agreement; a measure between 0.60 and 0.74, shows an intermediate to good agreement; a measure above 0.75 means that the agreement is excellent. Among the 296 blaming incidences identified in common, the agreement at the level of the identification of an actor with a category was of 0.88, and the agreement at the level of the identification of an actor with a sub-category was 0.67. I am therefore confident that my method is robust, and preserves the richness of the analysis.

- Community detection analysis

The rationale for using pre-defined clusters instead of grouping actors on the basis of a community detection analysis is three-fold. First, the number of individual actors in a media analysis of this type is naturally extremely high – including overstretched borrowers who only speak once, for instance. Second, my analysis runs over the course of three years, and individuals’ blaming patterns are volatile. Two actors might have similar blaming patterns at the beginning, and dissimilar patterns at the end. Clustering them on the basis of their overall blaming patterns runs the risk of not capturing these trajectories. Third my trials of community detection methods

remained inconclusive. Similarities in patterns did not lead to the construction of meaningful categories. Actors' logic of action is better understood by re-embedding them in a field.

Chapter 4

No Body to Kick, No Soul to Damn: Responsibility and Accountability for the Financial Crisis

“Did you ever expect a corporation to have a conscience, when it has no soul to be damned, and no body to be kicked?”

Edward, first Baron Thurlow (1731-1806)

In the fall of 2008, a credit crunch led to Wall Street's worst crisis since the Great Depression. As hundreds of billions of dollars in mortgage-related investments went bad, mighty investment banks that once ruled high finance went bankrupt. Only federal intervention - Congress's \$700 billion bailout and the Federal Reserve's infusion of money - prevented a full-scale meltdown. While a financial Armageddon was avoided, the crisis spread around the globe. The world fell into recession. Unemployment rose steadily all year to the highest levels seen in a generation. The discrepancy between Wall Street's fast recovery and the rest of the country's slow recovery generated anger over the crisis, the banks, the bailout and new rounds of large bonuses. Anger over the crisis triggered a burning question: who is responsible for this disaster? Opinion polls,⁵⁴ as well as the Occupy Wall Street movement, show that the American public increasingly established financial institutions as mostly responsible for the crisis.

How do actors in financial institutions respond to this accusation? How do they frame responsibility for the crisis? Through thirty-three in-depth interviews with Wall Street bankers

⁵⁴ Angus Reid, June 2010: Mostly to blame for the financial crisis: Banks and financial institutions 58%, Big corporations 51%; Governments 40%; Consumers 24%. From June 17 to June 18, 2010, Angus Reid Public Opinion conducted an online survey among 1,004 American adults who are Summerboard America panelists.

conducted from fall 2008 to summer 2010, this article illuminates how bankers respond to an attribution of responsibility, and how they attribute responsibility themselves. The article starts with an observation: while the bankers that I interviewed overwhelmingly attribute responsibility to financial institutions, few would accept any personal responsibility for the crisis. Banks as institutions are held responsible, but bankers as agents are not. Building on this observation, this study explores interviewees' patterns of attribution to reveal their underlying conception of responsibility. It shows that in a complex crisis, responsibility becomes diluted in a maelstrom of actors, actions and mechanisms, and therefore can neither be easily attributed nor assumed. An actor's responsibility cannot be disentangled from other actors' responsibility, which in turn does not compel actors to take responsibility for a collective failure. Attribution and assumption of responsibility become weakened within the collective.

Responsibility: An Ambiguous and Multilayered Term

Exploring the notion of responsibility is challenging, as it is an ambiguous and multilayered term, which can have three meanings. Prospective responsibility (a) defines the duties attached to a particular role. Retrospective responsibility (b) defines a judgment of one's actions, which might lead to a sanction. Retrospective responsibility can be equated with credit or blame. Interestingly, it is more often used for the latter. More marginally responsibility can be defined as a virtue (c). We praise a person as being responsible. I examine here the notion of retrospective responsibility, but the three dimensions are intrinsically linked. I can be judged in the present (b) on the basis of the duties (a) and virtue (c) that I had in the past. The word "responsibility" comes from the Latin word *respondere*, implying the capacity to give an account. Responsibility "flows from"

accountability (Schlenker 1997: 250). Following Bovens (2007) accountability is defined here as the “relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct.”

I examine the notion of moral, rather than legal responsibility. The idea of moral responsibility has been most extensively explored by philosophers (for a review see Eshleman 2014). Traditionally, philosophers have distinguished between a merit-based view, in which credit or blame is appropriate because the agent deserves it, and the consequentialist view, in which credit or blame is justified by the change it will bring in the agent’s behavior. In a classical piece Strawson (1962) criticized both approaches for over-intellectualizing the issue of moral responsibility. He argues that in holding an agent responsible, one expresses resentment against others for not following the rules of acceptable behavior. The practice of holding responsible does not rely on an external rational theory of the conditions on being responsible. I follow here Strawson’s argument that holding someone responsible is a social and political practice (see also Smiley 1992). I build on the insights on literatures in sociology, psychology and management to analyze empirically the practice of holding someone responsible.

The practice of holding someone responsible implies three steps. It requires to understand who can bear responsibility ascriptions, for what offense, and under what conditions. Any agents capable to make decisions can be held responsible. Social-psychologists show that both an individual and a group can be targets of attribution, if the group is perceived as a coherent and meaningful entity (Campbell 1958, Lickel et al. 2000, Yzerbyt et al. 1998). Social-psychologists also show that we judge someone responsible if his/her behavior is cause to the outcome, and if s/he should be held in contempt for it (Hamilton 1980). We act both as “intuitive psychologists” (Heider 1958), assessing causality, and as “intuitive lawyers” (Hamilton 1980: 767), evaluating

blameworthiness (see also Alicke 2000). A person who is not mentally sound, who could not adopt another course of action, or who was coerced into adopting it, might not be judged responsible (for a review see Gailey and Lee 2005). A person might be judged differently depending on the objects of responsibility ascription, namely one's actions or inactions, or even these actions' far-reaching and sometimes unintended consequences.

I study here the classical problem of an outcome brought about by a collective course of action. It reinforces the difficulty of assigning – or assuming – moral responsibility.⁵⁵ Assigning responsibility for collective failures poses specific empirical and ethical challenge (for a review see Smiley 2010, Thompson 2014). The need to prevent future crises imposes to determine individual responsibilities. But in collective failures, responsibility becomes diluted in a maelstrom of actors, actions and mechanisms. Holding the collective responsible does not solve the problem. Where everybody is guilty nobody is. The problem is not only ethical, but also empirical. The urge for one to behave responsibly, or to change structures and processes within an organization, might be lower. One might argue that only an organization will be able to undertake reforms and to bear the reparation costs. In practice, when many organizations could be held responsible, it is unclear that such is the case. Actors can all blame each other, as I expose next.

⁵⁵ The firing squad is the classical example illustrating the problem of the diffusion of responsibility in a collective. If in a firing squad one or more shooters are randomly given blank cartridges instead of bullets, each shooter might believe that they did not kill the prisoner.

Responsibility and Modern Social Arrangements

Beck (1992) associates this difficulty to the rise of modernity. The proliferation, dispersion and intangibility of risks lead to the emergence of “organized irresponsibility.” As Beck puts it, “Corresponding to the highly differentiated division of labor, (...) everyone is cause *and* effect, and thus *non*-cause. The causes dribble away into the general amalgam of agents and conditions, reactions and counter-reactions, which brings social certainty and popularity to the concept of system. This reveals in exemplary fashion the ethical significance of the system concept: *one can do something and continue doing it without having to take personal responsibility for it*” (Beck 1992:33, emphasis in original).

The classical problem of the diffusion of responsibility within a collective is further complicated by the intricacy of modern social arrangements. The interaction of one’s actions with others’ actions can create risks for which one can avoid being personally held responsible. As no specific agent or group organizes this irresponsibility, it might be better described as a situation of “risk without responsibility.” It is an outcome of modern social arrangements.

Beck argues that global finance was particularly exposed to this phenomenon: “Global market (risk) is a new form of “organized irresponsibility” because it is an institutional form so impersonal as to have no responsibilities, even to itself” (Beck 1999: 6). Failures are both collective and individual within a complex system.⁵⁶ While Beck’s thesis on risk society has been criticized for its sweeping generalizations and lack of illustrations, I will not tackle here the problem of the reality of the proliferation, dispersion and intangibility of risks in the modern era.

⁵⁶ As Curran (2015) remarks, the “boomerang effects” of systemic financial risks could have annihilated the benefits of the risks taken by senior finance employees, who could have suffered severe financial losses.

Instead, I follow the idea of “organized irresponsibility.”⁵⁷ I define organized irresponsibility as the outcome of a situation where responsibility can neither be easily attributed nor assumed. The exercise of decision-making power is cut off from the consequence of the action.

I adopt a very different approach to the problem of dilution of responsibility in the collective from the ones that have been developed so far. Sociologists like Beck have developed a broad reflection on risk and collective responsibility. Philosophers have analyzed the ethical issues raised by a collective responsibility assignment (for a review see Smiley 2010). Psychologists have used lab experiments to show that responsibility could be attributed to collective entities (Campbell 1958, Lickel et al. 2000, Yzerbyt et al. 1998). I start from the viewpoint of bankers caught in a real crisis, rather than observers in a lab experiment. I analyze empirically rather than normatively how potential culprits assess responsibility for the crisis – the responsibility of others and their own. I observe the problem of dilution of responsibility within different levels of collective, from the organization to the economic system.

⁵⁷ The notion of organized irresponsibility is equally present in Mills’ work. Although Beck and Mills start from different premises, they both reach the conclusion that actors in position of responsibility can actually avoid being held to account. Mills contends that a system of organized irresponsibility can be produced and reproduced because of the emergence of a mass society, which does not hold the “Power Elite” accountable. However Mills restricts his argument to the elite, whereas Beck thinks it is more pervasive throughout society.

A complex and collective failure

The complexity of the financial crisis makes for an excellent case study of the concept of “organized irresponsibility”. The crisis began when the subprime mortgage market in the U.S. started displaying a rising rate of mortgage defaults. These defaults led to a decline in U.S. housing prices after nearly a decade of exceptionally high increases. As house prices rose, leading mortgage lenders began to give subprime loans to people who would not normally qualify. They also reduced down payments and loosened rules about borrowers' documentation of income. Most subprime loans had adjustable interest rates, with a low initial interest rate that would later rise in a process known as mortgage reset. As long as the housing prices kept rising, and as the interest rates were kept artificially low by the Federal Reserve, the system was beneficial for both borrowers and lenders. But as the housing market crashed and interest rates were reset, many Americans watched as their primary source of wealth plummeted in value.

Mortgage backed-securities and other financial products allowed these problems to spread from the mortgage market to other sectors of the economy. Rather than holding loans as part of their assets, banks sold many of them to other financial institutions, who, in turn, transformed these pools of loans into securities traded in the financial markets. The defaults in the mortgage markets caused a collapse in the value of the corresponding financial products, dragging down the balance sheets of major investment banks. On September 15th 2008, Lehman Brothers - one of the largest investment banks in the world - failed. Over the next few months, the US stock market plummeted, liquidity dried up, successful companies announced rounds of layoffs. Despite the expansionary policies pursued by the Federal Reserve, the economy contracted sharply in the second half of 2008 and early 2009. The US fell into a recession. The damage caused by the crisis has been

tremendous: recent estimates from the Treasury (2012) state that the crisis led to the loss of 8.8 million jobs and to the destruction of \$19.2 trillion of household wealth (Treasury 2012).

This brief summary shows that the mechanisms that triggered the crisis are multiple, complex and interconnected. The facts themselves are difficult to understand, the connection between the facts and the mechanisms is perplexing and the actors at play are difficult to pinpoint. What is a mortgage-backed security? How was it used and by whom? How can we disentangle the damage that it has produced from the damage produced by other mechanisms? Responsibility is potentially diluted among a myriad of deeply interconnected actors. This complex and collective failure is an ideal case to study the emergence of “organized irresponsibility”. This study brings a different angle to the rich literature on the crisis. Very few studies have endeavored to capture blame patterns in-depth. And they have generally been conducted in Europe, by political scientists, using surveys or media analyses (Bennett and Kottasz 2012, Hellwig and Coffey 2011, Hobolt and Tilley 2014, Wagner 2014, von Scheve et al. 2014). Closer to my study, some research has also analyzed the defensive strategies used by banks top executives during congressional hearings (Tourish and Hargie 2012, Whittle and Mueller 2012).

THEORETICAL FRAMEWORK

To analyze the problem of “organized irresponsibility”, I bridge three theoretical frameworks: the organizational deviance, the accounts and the attribution of responsibility literature.

The organizational deviance literature illuminates the problem of the dilution of responsibility within collectives. It avers that in complex organizations many different actors, at

various levels and in various degrees, contribute to decision making processes, making responsibility assignments for the organization's conduct extremely difficult (Bovens 1998, Stone 1975, Vaughan 1983, 1996). Thompson (1980) calls this difficulty the "problem of many hands." Complex organizations are also characterized by what Vaughan (1996) calls "structural secrecy": as organizations grow larger, information and knowledge become compartmentalized. Actions in one part of the organization are not readily observable in another part of the organization. The issue of "structural secrecy" is arguably amplified by informal hierarchies and rules. They give rise to selective information sharing and collaboration within an organization (see Diefenbach and Sillince 2011). Responsibility is diffused in the collective, and difficult to assess.

Several cues in the literature suggest that this diffusion of responsibility can help actors dodge any responsibility. The comparison between different scholarly work shows that top executives and middle-managers defend themselves differently. Top executives can argue that they did not know what was going on, and deflect responsibility to the middle-management (Bovens 1998: 78, Stone 1975: 58-69, Jackall 1988: 85-91). The urge to deflect blame might be all the greater for top executives as social-psychological research shows that there is a positive association between level of seniority and degree of responsibility for observers (Shultz et al. 1987, Hamilton and Sanders 1981). Similarly in legal contexts, authority over an offender can be grounds for collective or vicarious responsibility (Hart and Honoré 1985). Conversely, employees in lower levels of seniority can argue that they were powerless, and were following a bureaucratic routine (Heimer 2010, Chambliss 1996). This excuse echoes Eichmann's infamous defense: I was a "cog in the machine" (Arendt 1963).

The urge to deflect blame comes from the need to protect oneself. The attribution of responsibility literature shows that when we have a vested interest in the attribution process, we

tend to discard information inconsistent with ego protection, or to look for alternative explanations (for a review see Fiske and Taylor 2013: 172-73). Social identification with the perpetrator or the victim is key. The more an observer identifies with the perpetrator, the more s/he will reject his/her negative intent (Ashforth and Mael 1989). Conversely, the more an observer identifies with the victim, the harsher his/her judgment. In my case study case, the interviewees are not external observers in a lab experiments, but both accusers and accused in a real crisis. This dual position can reinforce self-serving biases, and blur the distinction between perpetrators and victims. Actors can argue that they were victims rather than perpetrators (Whittle and Mueller 2012, Tsutsui 2009).

This study connects patterns of attribution and assumption of responsibility to explore the problem of the dilution of responsibility within collectives. Attribution and assumption of responsibility are generally disconnected, whereas they should be studied in conjunction (Hamilton and Hagiwara 1992). I extend the findings from the organizational deviance literature from an organizational to a systemic level. I show that if responsibility is difficult to locate within the organization, it might even more difficult to locate within the economic system. The “problem of many hands” (Thompson 1980) is magnified. I posit that it will help actors dodge any responsibility.

I also posit that actors will defend themselves differently. The top management might claim the crisis was unpredictable, and blame the middle management. Lower ranking employees might argue they were powerless, and blame the top management. This comparison by seniority level questions the individualistic approach taken by the literature on accounts. The literature on accounts focuses on speech acts and image restoration (Blumstein et al. 1974, Scott and Lyman 1968, for a review see Orbuch 1997) but does not analyze who within a social structure takes

responsibility for a disaster – i.e., the distribution of accounts within a social structure. Both might also deflect responsibility outside of their organization. Scapegoating can take place at different levels in a system-wide crisis.

However, a competing hypothesis could be true. Some actors could assume a form of responsibility. They might not assume any personal responsibility, but they might assume a form of hierarchical or collective responsibility. Thompson (1980) explores how high-ranking officials sometimes ritualistically assert that they “take full responsibility” for a mishap, and do not push blame down the hierarchical line. By doing so, they reinforce the image of a courageous official, in control of the situation. Senior respondents might then assume a hierarchical responsibility. Respondents at any level might also take a form of collective responsibility. Following this model, one can take responsibility on the basis of one’s belonging to a collective (in the form of “we were all responsible”).⁵⁸ I explore these different possibilities, and their moral significance.

RESEARCH DESIGN

To understand why bankers might react differently, I systematically reposition them in a structural, personal and temporal context. I posit that a structural position shapes responsibility judgments, on the basis of the findings of the organizational deviance literature mentioned above. I capture structural positions dynamically by including personal and professional trajectories. I also

⁵⁸ The other model of collective responsibility consists in blaming the group itself, rather than any specific group member (see Feinberg 1970). This model would not imply any assumption of responsibility from my respondents though.

hypothesize that time shapes responsibility judgments. Time might also shape individual narratives even in the short run. My approach departs from the normative take of philosophers, and the cognitive focus of psychologists, who have dominated the study of responsibility so far. I contend that blaming is a social practice that should be analyzed *structurally, relationally, and dynamically*.

The research design is constructed following this approach. It departs from psychologists' one-shot lab experiments. I conducted thirty-three interviews with Wall Street bankers. Keeping the interviews semi-structured, I tried to understand how bankers interpreted the blame they faced in the media, and how they attributed responsibility themselves.

To understand the effect of structural position, I selected different institutions, departments, and levels of seniority. First I selected three different institutions. Bank A is a prestigious American investment bank, which has been perceived as a “winner” in the crisis in financial terms, but has been greatly exposed in the media. Bank B is a French investment and commercial bank, whose notorious conservative approach to risk has help limit financial losses. It has not been exposed in the media in the United States. It has been greatly vilified in France though. Finally, Bank C is an investment and commercial bank, whose status and image have been greatly damaged in the crisis. I included four people who were not working in those institutions any longer, because they were laid off at the beginning of the crisis. They all still worked in the financial industry.

Second, within those institutions, I selected people from different departments, related to the crisis either closely or mildly. Some departments are closer to the heart of the crisis, such as specific types of structuring and trading, specific types of risk management, and leveraged finance. Other departments are mildly connected to the crisis, such financial advisory, wealth management, or structured finance. Finally, I interviewed people from different levels of seniority. Since the

literature posits a positive association between the level of seniority and the degree of blame, I conjectured that senior employees might feel the blame more strongly. I interviewed people from different nationalities, mostly French and Americans. My sample is cosmopolitan, mostly masculine and white - as Wall Street is.

To understand the effect of personal and professional trajectories, I asked respondents questions regarding their social, educational and professional background. I also inquired about their relationship to the financial industry, and the effect of the public backlash on their sense of self. Bankers have experienced a sudden status degradation, from “masters of the universe”, with their financial and political clout, to the “villains of society” whose greedy, inconsiderate actions instigated a turmoil that affected millions of Americans. I tried to capture how this sudden status degradation affects their personal and professional identity. To understand the effect of time, I interviewed people from the fall of 2008, after Lehman failed, to the summer of 2010.

The social characteristics of the respondents are presented in the following table. The connection to the crisis variable (FC in the table) describes to proximity of respondents' department to the heart of the crisis. Connection to the crisis (1) refers to specific types of structuring and trading, specific types of risk management, and leverage finance. Connection to the crisis (2) refers to financial advisory, wealth management, structured finance, Mergers and Acquisitions, specific types of trading and structuring and specific types of risk management. In the investment banking industry in general, owing to the high intensity of the work, the turnover is very high and the structure highly pyramidal. Bankers can become managers quite early compared to other industries.

Table 4.1: Characteristics of the respondents

Name	Age	Gender	Company	Occupation	FC	Date
Louis	20s	M	Bank B	Trading and Structuring	1	Fall 2008
Peter	20s	M	Bank C	Leveraged Finance	1	Spring 2009
Arunabh	20s	M	Bank C	Finance Advisory	2	Fall 2009
Victor	20s	M	Bank C	Wealth Advisory	2	Fall 2009
Anne	20s	F	Bank B	Leveraged Finance	1	Winter 2009 - 10
Joe	20s	M	Bank A	Financial Analyst	2	Winter 2009 - 10
Aida	20s	F	Bank B	Trading and Structuring	1	Winter 2009 - 10
Aude	20s	F	Bank B	Mergers and Acquisitions	2	Winter 2009 - 10
Steven	20s	M	Bank A	Finance Advisory	2	Winter 2009 - 10
Victoria	20s	F	Bank B	Risk Management	2	Spring 2010
Josh	20s	M	Bank A	Finance Advisory	2	Spring 2010
Vincent	30s	M	Bank B	Trading and Structuring	1	Fall 2008
Antoine	30s	M	Bank B	Leveraged Finance	2	Spring 2009
Paul	30s	M	Bank B	Leveraged Finance	1	Spring 2009
Ryan	30s	M	Bank A	Trading and Structuring	1	Spring 2009
Nate	30s	M	Bank C	Risk Management	1	Fall 2009
Justin	30s	M	Bank C	Risk Management	1	Fall 2009
Damien	30s	M	Bank A	Trading and Structuring	1	Winter 2009 - 10
Laszlo	30s	M	Bank C	Risk Management	1	Winter 2009 - 10
Edouard	30s	M	Bank C	Finance Advisory	2	Winter 2009 - 10
Andrew	30s	M	Bank C	Finance Advisory	2	Winter 2009 - 10
Francois	30s	M	Bank B	Trading and Structuring	1	Winter 2009 - 10
Vishal	30s	M	Bank C	Finance Advisory	2	Winter 2009 - 10
Arnaud	30s	M	Bank B	Trading and Structuring	1	Winter 2009 - 10
Tim	30s	M	Bank A	Mergers and Acquisitions	2	Spring 2010
Sue Ellen	30s	F	Bank B	Leveraged Finance	1	Spring 2010
Dimitri	30s	M	Bank B	Leveraged Finance	1	Spring 2010
Alex	40s	M	Bank B	Trading and Structuring	1	Fall 2008
Jack	40s	M	Bank A	Trading and Structuring	1	Fall 2009
David	40s	M	Bank C	Finance advisory	2	Winter 2009 - 10
John	40s	M	Bank C	Global Banking	1	Winter 2009 - 10
Fabien	40s	M	Bank C	Trading and Structuring	1	Winter 2009 - 10
Bruno	40s	M	Bank B	Private Equity	2	Spring 2010

Getting the interviews was a difficult process: some bankers were reluctant to talk, especially at Bank A. An employee at Bank A even warned me that they had a file on me, and that I should consider myself as living in Soviet Union before 1989 (!). The KGB never contacted me personally though. Respondents were similarly reluctant to refer me to other bankers, even outside of their department. Most people that were interviewed were strangers, whom I contacted through my network or business school alumni association. I introduced myself as a sociologist, having worked for a consulting firm, so as to reduce the distance with the participants. The interviews lasted for about two hours each. They were conducted both in English and in French. Respondents were mainly asked to provide a general narrative of the crisis, to define who should be responsible for the crisis, to examine their own responsibility and to react to events related to the crisis, such as Congressional Hearings. I did not ask them any specific questions about their activities. I fully transcribed, coded and sometimes translated the interviews.

The analysis was conducted taking into account my degree of proximity with the respondents (friends, acquaintances, and strangers). The first step was to cluster their attribution targets into seven broad categories: “Washington”, “Regulators”, “Wall Street” (any financial institution), “Banks” (more specifically), “Consumers”, “Other”. Two respondents refused to answer the question, arguing that it was impossible. It then added the category “Impossible”. The second step was to analyze their patterns of assumption of individual and/or collective responsibility. The third step was to code respondents’ justification logics. The fourth step was to analyze differences by banks; departments; seniority level; time. The overall coherence of the responses was analyzed by comparing bankers’ overarching narrative of the crisis and the specific attributions of responsibility they provided.

RESULTS

This article analyzes successively bankers' patterns of attribution and assumption of responsibility. The comparison between attribution and assumption patterns shows that if responsibility is difficult to assign, it is conversely difficult to assume. The complexity of modern social arrangements can lead to a system of "organized irresponsibility" (Beck 1992: 33).

Patterns of Attribution of Responsibility

Attributing Responsibility to Banks

As expected, attributing responsibility for the crisis is extremely difficult for my respondents. The complexity of the crisis breaks the logical connection between causes, actors and the acts that unfolded. Their narratives become more precise over time though. Chaotic narratives, where search for causal mechanisms lead to unclear notions of responsibility, give way to clear cut accounts, constructed as a response to the public outcry. They increasingly revolve around the question of banks' responsibility. I compare two interviews from the beginning and the end of the crisis to show this movement. In the first interview, Alex, head of a structuring division, is very reflexive, defining responsibility as he speaks. The crisis is just starting and he is trying to figure out what happened, how it happened, and what is going to happen next. The proliferation of questions and the use of the future tense is revealing of a narrative under construction:

"Very tough. So... it starts off with subprime, and then it leads to every area of business globally. So who is at fault because the other companies are in trouble? I don't know. If they go under, will that affect banks? Absolutely, banks have a massive exposure. So what will happen then? The government will have to put more money on the table. Who is at fault for that? Bad business models from the auto companies? Shareholders leveraging a company too much? Employees

demanding a too higher pay compared to what everybody else was demanding? I think everybody. Not one answer, right.”

(Alex, Bank B, Trading and structuring, High level of seniority, Fall 2008)

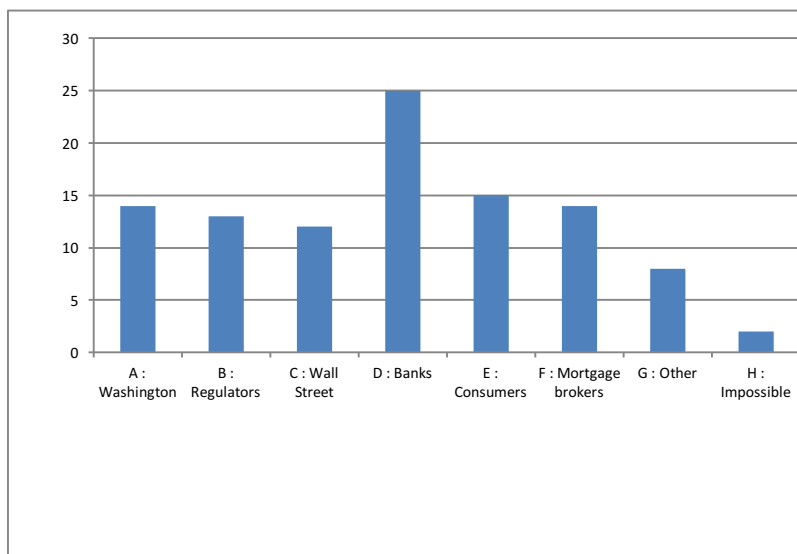
Narratives progressively become less reflexive, and more focused on banks’ role in the crisis, but never more grounded. In the second interview, John, vice-chairman at Bank C, is both more assertive and more evasive in his answer. The crisis came to be defined as the most severe since the Great Depression, its mechanisms and consequences are clearer, paving the way for a reflection on responsibilities. John’s discourse is constructed in opposition to the soaring amount of blame that banks face in the media. He first blames a fuzzy abstraction – “human nature,” which reveals his desire to avoid the question, before blaming banks, borrowers, and mortgage lenders, which are also abstractions:

“It’s very widely diffused, and the most fundamental responsibility, you have to assign to whoever designed human nature. [Silence on both parts] (...) And if you were running a major financial institution, and you weren’t making the money that everybody else was making, issuing subprime mortgages packages, you were in trouble. [Long comparison with the CEO of JP Morgan, whose prudent approach to risk could have backfired] We were buying triple A securities, we were doing things we thought were safe. (...) I think the people who took out mortgages they couldn’t pay bear a lot of responsibility, I think the people who sold them to them, had a lot of responsibility, they were under tremendous pressure to just generate volume. And the abuses were rampant on both sides of the market there. (...) And so the idea that you can go out there and find one mistake, or one failure, I think is the wrong way to think about it.” [Etc.]

(John, Bank C, Top Management, Winter 2009-10)

Both Alex and John attribute part of the responsibility to banks. Figure 4.1 shows that “banks” is the most cited category across all interviewees. Participants aver that the banks have been too aggressive in their risk taking policies, jeopardizing their future for short term profit.

Figure 4.1: Aggregate of respondents' responsibility assignments



Locating Responsibility within Banks

But even within their own bank, bankers find it difficult to name responsible actors. Decision making is a collective process within an organization: a plethora of micro-decisions contributed to this disaster. Respondents would sometimes narrow responsibility down to certain departments (Trading and Structuring, Leveraged finance, Risk Management) and to a certain level of seniority (High). As expected, almost half of the participants mention that banks' hierarchy should be considered responsible. Blame goes up but never goes down the hierarchical line, which is surprising. It might only happen when the accusatory pressure is very high. It could be seen as diminishing their managerial skills.

Respondents do not feel comfortable defining what they mean when they blame banks' hierarchy. Some relate it to shareholder pressure; others to CEO's greed; others to managing directors' incompetence; others just don't know, like Arnaud:

“It is only information reporting, and then, there is always someone who must make decisions, so someone from the management, but who? The head of the risk department, the head of the research department, the head of trading, or the boss of all of these people? At some point they all had the information, and they didn’t do anything, so yes someone necessarily made the decision... But at the same time, if one of them speaks up, he gets fired by his superior, so I don’t know how much freedom of expression people have...”

(Arnaud, Bank B, Trading and Structuring, Low level of Seniority, Winter 2009-10)

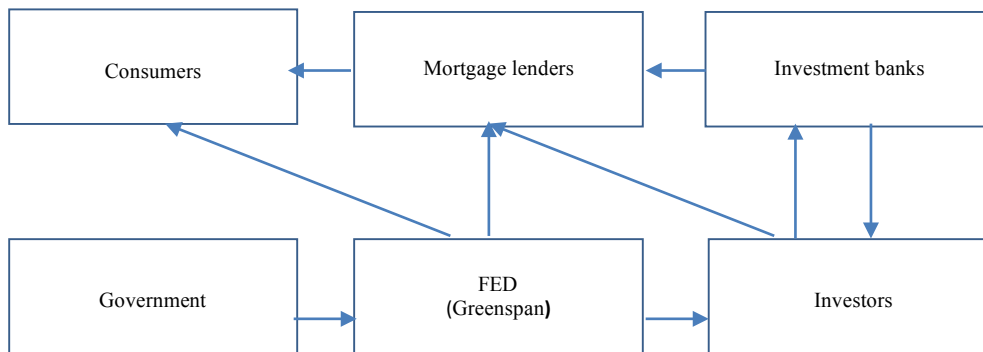
Because of the “structural secrecy” prevailing within complex organizations (Vaughan 1996), even insiders cannot assign responsibility with certainty. Responsibility is diffused and difficult to assess. As Beck (1992) put it, everyone is cause and effect, and thus non cause.

Attributing responsibility beyond banks

It seems even more difficult for respondents to disentangle responsibility beyond banks. As Figure 4.1 showed, participants assign responsibility to many actors beyond banks, including nebulously defined culprits such as “Washington”, “regulators,” or “consumers”. Participants assign responsibility to elusive categories, which are deemed to be too interconnected to be hierarchized. Figure 4.2 illustrates the problem of culprits’ interconnectedness. It represents the responsibility assignments of Antoine, a young banker specializing in leveraged finance. The boxes represent the culprits and the arrows the driving forces: As the figure shows, Antoine

started by saying that consumers were responsible, but that they were also encouraged by mortgage lenders, who were themselves coerced by others, in a long causal chain. Antoine claims that the economic system is so interconnected that it becomes a generalized peer pressure system, making it difficult to disentangle responsibilities for the crisis. If one is to blame, the others are also to blame.

Figure 4.2: A generalized peer pressure system



(French, Bank B, Leveraged finance, Medium level of seniority, Spring 2009)

Multiplicity and Singularity

The complexity of the crisis also explains the surprising diversity of their accounts. A clear-cut situation might lead to more consensual accounts, but the high complexity of the situation allowed for different interpretations. In a complex crisis, causal connections are lost, paving the way for a “Rashomon effect” (Heider 1988): observers can produce substantially different and equally plausible accounts of an event. To understand individuals’ patterns of attribution, we need to re-embed them in their temporal, structural, personal context.⁵⁹

Respondents simplify a complex crisis based on the expertise derived from their job position. This simplification is again an effect of structural secrecy. As information and knowledge is compartmentalized, respondents focus on what they know better. Their job position determines whom respondents blame first: the ones with whom they deal with on a daily basis. People in risk

⁵⁹ The three factors correspond to categories for which my sample provides variance.

management tend to point the finger at regulators and the banks' management; bankers in leveraged finance cite regulators or financial investors; mortgage structurers immediately blame consumers. As expected, respondents show self-serving biases. They have an interest in blaming these different entities: it protects their sense of self. If consumers are to blame, then mortgage structurers are not – or at least not as much.

To justify their attributions they also take on the discourse of the expert. Ryan, a mortgage structurer at Bank A, who lost his job at the beginning of the crisis, draws examples from his work experience to heavily blame borrowers, who took advantage of the situation:

“Everyone feels sorry for these borrowers, but these borrowers were buying home they knew they could not afford, (...) I would look at the loans, and then ok, this guy is a plumber, he is living in a 500 000 dollar home, how is he going to afford it? It's just common sense! (...) And when home prices went up, (...) [he refinanced his mortgage] and he spent it on god knows what, a nice flashy car.”

(Ryan, Bank A, Trading and Structuring, Medium level of seniority, Spring 2009)

His response differs markedly from Dimitri's, who specializes in leveraged finance. He blames heavily financial actors and regulators, who were asleep at the wheel. But he refuses to blame borrowers:

“The average guy who put a 5% down payment and (...) who knew very well he could not reimburse the loan, personally I think it is difficult to blame him, it's unfair. (...) The banks or the brokers have more power, because they are institutions, who know the products, who know the rules.”

(Dimitri, Bank B, Leveraged Finance, High level of seniority, Spring 2010)

When respondents cite actors they do not know as well, and that is not directly connected to them, they are less virulent in their responses.

One could have imagined that the news could shape the evolution of their responsibility assignments, leading to unstable patterns. But they do not vary much over time. Time definitely affected the tonality of the interviews though. Respondents were increasingly defensive. The violent backlash against Wall Street makes bankers' identity more salient, which forces them to reposition themselves socially. As hypothesized, the more they identify with their banks, and the more they refuse the "villains" narrative. They tend to show more anger, and to spread the blame more. This increased vulnerability is related to their job position (trading and structuring, risk management, leveraged finance), their bank (Bank C notably, which was heavily discredited), or their personal trajectory. Bankers who come from a family of bankers, or who owe their social promotion to the banking industry, are more virulent in their responses. Aida for instance comes from a working class background. She wonders how her parents can be proud of her achievements now. She blames the government, the regulators, the investors, and the consumers – but not banks. Scapegoating is a defensive mechanism.

In this first section, I exposed how even highly educated and informed bankers struggled to attribute responsibility for the crisis. The complexity of the crisis aggravates the problem of the diffusion of responsibility within a collective. The problem is two-fold: the culprits are hard to define and their actions hard to disentangle. The degree of abstraction as well as the diversity of bankers' narratives is striking. The diversity of their narratives is better understood by re-embedding bankers in their structural, personal, and temporal context. A structural position deeply shapes the composition of responsibility assignment. Time and trajectories help understand the scope and intensity of attributions.

Patterns of Assumption of Responsibility

A Rejection of Individual or Hierarchical Responsibility

If responsibility for a complex crisis is difficult to locate, it is also difficult to assume. As expected, respondents all reject any personal responsibility for the crisis. Their rejections become increasingly defensive over time. Let's compare again the interviews of Alex and John, from the beginning and the end of the crisis. Alex, the head of structuring interviewed in the fall of 2008 wonders about his own responsibility. Should he be held responsible? He has not thought about it yet, for he is still trying to figure out the extent and consequences of the crisis. Again, he defines his responsibility as he speaks, in a play of questions and answers:

“Responsible for it? No. No. Should we? No. [Silence] Should banks feel responsible for what has happened? [Silence] No. It's a potentially aggregate responsibility. So if there was a lesson from the 30s fiasco is that that people will do stupid things, always, so if you want to stop them from doing stupid things you regulate them. You stop them from doing it. This is no different. So that may be speaking on behalf of the banks, now was it my fault? No, the regulator should tell me not to do it.”

(Alex, Bank B, Trading and structuring, High level of seniority, Fall 2008)

Later on, the reflexivity is gone, showing that the reflexive process has already happened. John develops a long and assertive argument on why he cannot be held responsible: the crisis was unpredictable. Few people, be they bankers, regulators, or economists, saw it coming. His response is then both more prepared and more emotional, revealing the tensions that my question triggers:

“No. [Silence] I asked myself the question [defensive and assertive]. I mean that the fundamental question is that as an economist with a Fed background and so forth if I had really seen clearly what was happening I would feel I had a responsibility to raise my voice. And the failure was that I didn't see it. And I went back and I asked, could one have reasonably seen it from the perspective that I had? And I decided well, no. (...) And Larry [Summers] and I are not efficient market guys,

we always know that things can go wrong with markets, (...) but the idea that people would be so systematically over time and in such large volume, just seemed outside the....”

(John, Bank C, Top Management, Winter 2009-10)

Few respondents seem to really have taken the time to examine their responsibility as deeply as John. They are the ones who feel the blame most strongly, because of their activity or level of seniority. No senior respondent, even at the highest level, asserts any form of hierarchical responsibility as exposed by Thompson (1980). While they don't pass the blame down the hierarchical line, they don't take responsibility for the conduct of the organization either. Generally, respondents are more sensitive to public anger than to an attribution of responsibility per se, which they reject in any case.

Excuses and Justifications

They justify their denial of responsibility differently depending on their seniority ranking. As I hypothesized, I observe a distribution of account-giving within organizations. Young respondents generally argue that they did not cause the crisis, because of their lack of decision-making power. The younger they are the briefer their responses: my question simply makes no sense. Older respondents tend to develop a longer and stronger defense, which cannot be based on their lack of decision-making power. Their defense is then mostly based on a lack of foreseeability. How could they have known? And even if they had known, what could they have done differently?

“It is just like being at a party where everyone is having a great time, and you go over and turn off the music and you say listen everyone, we should really all leave now, because if we don't we are going to wake up in the morning with a terrible hang over, and what would happen if someone did that, they would be like no, turn the music back on, get out of here.”

(Tim, Bank A, Mergers and Acquisitions, Medium level of seniority, Spring 2010)

A lot of senior respondents admit that they had a sense that leverage was quite excessive in general, but that they could not predict the timing and proportion of the explosion of the bubble. In any case, the peer and fee pressure was too high for them to even voice concerns. The most senior people in my sample cannot argue that they were powerless. They rely more on the total unpredictability of the crisis, as John did in the earlier quote. And as expected, a defensive mechanism that most respondents use, regardless of department or level of seniority, is scapegoating. The superficial statements of solidarity displayed at the beginning of the interview were shattered when respondents were asked about their own responsibility. Responsibility is then deferred to departments clearly connected to the crisis (trading and structuring, risk management, leveraged finance).

This defensive mechanism cannot be used by people working in these departments though. They tend to insist on the legality of their actions: no crime was committed. They also tend to reverse the discourse commonly found in the media. They argue that they are the victims of Main Street's hubris. Victimization becomes a de-culpabilization process – you cannot blame a victim. When asked about his responsibility, Damien replies: “Not at all. No, no, no. Never. Maybe my moral compass is... Personally I was more a victim of the crisis than anything else.” (Damien, Bank A, Trading and Structuring, Medium level of seniority, Winter 2009-2010). Other interviewees argued that they had no job security, that their friends lost their jobs, and that they lost a lot of money in investments.

The first explanation for this defensive attitude is straightforward: bankers are presenting themselves in a self-protective manner. However, the stakes of admitting responsibility in an anonymous interview with a researcher were not very high. The second explanation speaks to the reverse problem of diffusion of responsibility within the collective. If responsibility is difficult to

locate, because it is distributed among a myriad of actors, it is also difficult to assume personally. The only way to assume responsibility is to admit collective responsibility.

Some Admission of Collective Responsibility

Paradoxically, the problem of the dilution of responsibility within a collective produces two kinds of behavior: a rejection or an admission of collective responsibility. Some argue that only individuals who objectively created this crisis should be held responsible, while others argue that since they work for the banks, they have a collective responsibility. About a third of respondents maintained that they had a collective responsibility for the crisis, because they belong to an organization at fault. Most of them were part of the middle and lower management. Vishal, for instance, admits that he participated both personally and professionally in the culture of excess that characterized the US in the early 2000s. He was part of this whole feeling of recklessness:

“As much as I was part of the American society since 2004, and as much as I fueled the spiraling fee, as much as I was responsible for Bank C picking any risky positions, however small, I am still part of this organization, right? (...) I was also part of this whole feeling, everything is going to go up, let’s have fun, this is like big time, big bonuses, big stock market returns, big deal returns, let’s just spend a lot of money! Yeah. I was also responsible. Fair enough. But no more no less than everybody else. But as much as I am part of Bank C, and as much as Bank C was responsible for it, I am responsible for it.”

(Vishal, Bank C, Financial advisory, Low level of seniority, Winter 2009-10)

In Vishal’s argument, agency is actually attributed to the collective itself: the organization is faulty, and as a consequence, its members are faulty. His responsibility is actually defined by his belonging to American society, and to Bank C. Multiple sources of potential guilt intersect. The problem of the diffusion of responsibility within a collective is decoupled by the complexity of the crisis. The “problem of many hands” (Thompson, 1980) is taken from an organizational to a

systemic level. Surprisingly Vishal thanked me for making him think about his own responsibility. He totally rejects the populist accusations from the media arguing that they were uninformed and biased and deeply hurt him, as he owes his social promotion to his career in banking. But he thinks that on the basis of his true knowledge of the financial world, he should examine his own responsibility - as everyone else should.

Conversely the majority of respondents resent the construction of the collective category of the greedy bankers, who are all responsible for this disaster. Responsibility should not be defined collectively: individual responsibilities should be established, and consequences drawn. Laszlo, who is Hungarian, draws a comparison with the two World Wars to explain how it makes no sense to adopt this collective approach:

“Like when a nation loses a war, maybe it is a bad example but there were countries on the wrong side, after the Second or the First World War, and you wouldn’t say: ‘Oh the whole nation is responsible, (...) for the sufferings and lives of people’.”

(Laszlo, Bank C, Risk Management, Medium level of seniority, Winter 2009-10)

In Laszlo’s explanation, agency is not attributed to the institution, which therefore cannot diffuse blame to all its members. He does not feel any responsibility for the crisis, at an individual or collective level. Several respondents also argued that the “bad people” were gone. They had been fired or had retired.

What can explain this difference? The people who feel the blame most intensely are not the ones who admit a collective responsibility the most frequently. Job positions, personal trajectories, or time, do not have as much impact as one might think. What is at play here is not an effort to deflect responsibility, but rather a normative conception of the distribution between individual and collective responsibility. It echoes philosophical debates on responsibility. While

most philosophers (including Arendt (1945, 1963)) defend the individual responsibility model, others defend a collective model of responsibility, which can be of two kinds. Some philosophers such as Walsch (1970) claim that the inclusion within a group can define a collective responsibility, while others such as Feinberg (1970) assert that responsibility can be apportioned to the collective itself, rather than to any of its members. The later form was not reflected in bankers' discourse.

In this second section, I exposed how bankers generally reject any personal or hierarchical responsibility. As expected they defend themselves using scapegoating, as well as powerlessness for the youngest, and unpredictability for the most senior. Some do admit to a form of collective responsibility for the crisis.

DISCUSSION

This article gives empirical substance to the concept of “organized irresponsibility.” It takes the perspective of actors caught in the financial crisis to explore the mechanisms that lead to a dilution of responsibility within collectives. Although bankers point out that assigning responsibility for the crisis is at best difficult, they manage to build a simplified narrative of the crisis where they single out specific actors worthy of blame. Nevertheless, their narratives remain highly abstract, which does not really solve the problem of attribution within a collective. They mostly attribute responsibility to collective entities, such as “banks”, and they cannot precisely locate responsibility within banks.

If responsibility is difficult to assign, it is conversely difficult to assume. Most respondents argue that only individuals who created the crisis should be held responsible, but some say that since they belong to a bank, they should assume a collective responsibility. Collective acceptance dilutes the moral aspect of responsibility though. Respondents who admit collective guilt do not feel responsible because of their *actions*, but because of their *belonging* to an organization or a system at fault. As Beck (1992:33) argues, “the generalized other acts within and through oneself.” A situation of organized irresponsibility can have important consequences. If responsibility is disconnected from accountability, the incentives to prevent excessive risk-taking in the future are not in place (Thompson 2014), and can affect individual judgment and decision making (DeZoort and Harrison 2016). I believe that only comparable crises - complex and system-wide crises, such as the global warming problem, would lead to the same phenomenon of dilution of responsibility.

More broadly this research contributes to debates on corporate social responsibility (Vogel 2006, Barnett 2007, Margolis and Walsh 2003, Donaldson and Dunfee 1994) and irresponsibility

(Lin-Hi and Müller 2013, Murphy and Schlegelmilch 2013, Lange and Washburn 2012). Much corporate social responsibility research tends to approach social responsibility as broad social structures, and conceptualize it as universal law. I follow Lange and Washburn's argument (2012) that corporate (ir)responsibility is a social construction grounded in the perceptions and interpretations of human agents. However, in line with Basu and Palazzo (2008), I focus here on the perception of firm insiders rather than external observers. Few studies have tried to capture the moral views of firm insiders *as they would define them themselves*. Firm insiders also shape the definition of the moral boundaries of the firm.

In *Moral Mazes* (1988), Jackall shows how managers as a whole restrict their moral involvement in the organization. They have no use of abstract principles, but conform to the requirements of bureaucratic functionality. They are completely oblivious of their obligations to others, inside or outside the corporation. Moral responsibility is secondary to economic efficient decisions. One might have expected that a crisis would have forced firm insiders to reconsider their views. My analysis shows that my interviewees were more concerned about their tainted reputation than anything else, even though they were fully aware that the general public held them responsible. There is a tension between the view of firm insiders, and the view of the general public, who disagree on the definition of banks' obligations and failures.

This tension raises an ethical dilemma. Responsibility needs to be bounded in some way to be assumed. The notion that I am responsible to the generalized other, as proposed by philosophers, does not make sense for individuals caught in a crisis (Heimer and Staffen 1998: 139). From a normative point of view, one can argue that the responsibility of individuals acting in a system is potentially unlimited. But practically, Jackall shows that firm insiders tend to define their

responsibility in purely professional terms. They are responsible for the development of their activity. An employee is responsible for his/her results, and can get fired if they are unsatisfactory.

Chapter 5

Conclusion

The previous chapters have explored the dynamics of responsibility assignment for the recent financial crisis in the United States. In this conclusion, I draw from the insights of the previous chapters to derive a sociological theory of responsibility. I restrict the analysis to moral responsibility, as opposed to legal responsibility. As I argued throughout this dissertation, responsibility is surprisingly under-theorized in sociology, compared to other fields such as psychology and philosophy, and compared to its importance in our daily lives. Blame is a universal process that can emerge in many contexts of disputes, from uncoupling to natural disasters. I recoup the findings from the previous studies, and reflect to their generalizability to other contexts.

A dynamic process of sense-making

Responsibility is the outcome of a dynamic process of sense-making, at the individual and collective level. In the event of an unanticipated disruption, actors progressively understand what happened, how it happened, why it happened. Both the media analysis and the interviews show a move from chaotic to coherent narratives (Weick 1993, Vaughan 1990), increasingly centered on Wall Street's responsibility for the crisis. A deep understanding of the disruption is not a prerequisite to assign blame though. One could have thought that the financial Armageddon could have left actors in a maze. They would be incapable to grasp the events and to assign responsibility. The analysis shows that this is not the case. People act as "intuitive prosecutors" rather than "intuitive psychologists" when the social order is threatened (Goldberg et al. 1999). A distinction must therefore be made between blame in settled and unsettled times. The classical stage process

of naming, blaming, and then claiming (Felstiner et al. 1980) is suspended in unsettled times (and potentially unsettled lives). Naming and blaming happen at the same time.

This finding goes along recent work in psychology, which shows that responsibility assignment can be a blame validating process. It departs from the earlier psychological theories on responsibility, which presents it as a step-by-step process: from causality, to responsibility, to sanction (Heider 1958, Jones and Davis 1965, Kelley 1967, Shaver 2012, Weiner 1995). Alicke (2000) argues that in practice the perceived blameworthiness of an action influences judgments of responsibility. His model builds on the work of a philosopher, Joel Feinberg (1970), who proposed that there are different criteria that are used to select a cause. Sometimes we use the “lantern criterion,” which consists of shedding light on what happened. But sometimes we use the “stain criterion,” which aims at fixing the blame, namely at finding the human action or inaction that created an outcome.⁶⁰ We look for information that confirms our intuition about who is to blame. We might even choose to consider some piece of information, and discard another one that might disconfirm our judgment.

The media analysis reveals that the lantern criterion prevailed in the first period of the crisis (until August 2008), when we were still in settled times. Actors were trying to make sense of what was then generally perceived as a minor mortgage crisis. They were slowly connecting the dots, relating the foreclosure epidemic to the troubles on Wall Street. The explosion of the financial system redefines the crisis as a major financial crisis. The stain criterion becomes dominant: responsibility assignment is a blame validating process. It can explain why blaming patterns were

⁶⁰ A third criterion proposed by Feinberg is the “handle criteria”: actors select the causes so that they can have a handle over the situation in future contexts.

also more similar from one month to the next after the explosion of the financial system. When actors are looking for information about who is to blame, they are logically more consistent in their blaming patterns.

This stark dichotomy is of course an ideal type. It does not do justice to the complexity of sense-making processes in each period, at an individual and a collective level. Although one process predominates, both processes are constantly at play. This stark dichotomy also obscures how the role of an actor can explain why s/he would adopt one over the other in a specific context. The role of the journalist, an academic, or a regulator is to explain the turmoil affecting the nation in the context of a disaster. It should lead him/her to prefer the lantern criterion over the stain criterion. This stark dichotomy was not present in the interviews. The interview cycle started in the Fall of 2008, explaining why it was not present. However the interviews showed that the bankers who felt the most threatened by the accusation were also the ones most eager to assign blame themselves. They behaved like intuitive prosecutors.

Linking an outcome to an actor

In both sense-making approaches, the challenge is to link an outcome to an actor (or an actor to an outcome). It implies to isolate an action, and to relate it to an actor, and then potentially to establish the appropriate reaction. As I regularly argued over the course of this dissertation, the link is particularly arduous to establish in a complex and collective crisis. Responsibility becomes diluted in a plethora of deeply interconnected actors. The mechanisms are difficult to understand, the connection between the mechanisms and their consequences difficult to establish, and the list of potential perpetrators endless. Few people understand what a derivative is, how it was used and by

whom. However this difficulty seems to be forgotten in the process of assigning responsibility. In this context of uncertainty, actors rely on heuristics to assign blame – until slowly more information is uncovered to assign blame with more certainty.

The first heuristic tool is the synecdoche. A part stands for the whole. The behavior of an actor stands for the behavior of his/her category. For instance interviewees relied on the behavior of some borrowers, seen in the media or through their job, to assign responsibility to borrowers as a whole. A specific example helps ground causality, and evaluate if the person intended to cause the damage, could foresee it, or maybe was coerced by a mortgage lender. A specific example helps personalize blame, and ground the accusation. Similarly news commentators relied on the S.E.C. versus Goldman Sachs case to ground the accusation against Wall Street. The accusation also brings to the fore the role of Fabrice Tourre, a Goldman Sachs employee, and Lloyd Blankfein, the CEO of the company. Their personalities are perceived to be representative of the culture of Goldman Sachs, and of Wall Street.

The second heuristic tool is the transfer of information. Excesses in one sphere are associated with excesses in other spheres. The media analysis showed how extravagant bonuses were seen as a sign that bankers gamed the system to their own benefit, and to everybody else's loss. The general public might not understand what a derivative is, but everybody understands greed. The greed of the banker is easier to understand than abstract financial mechanisms. Bankers' greed must explain why they took inconsiderate risks in the past. It also anchors the image of war profiteers, who take advantage of a national disaster, and who will never change their behavior. A self-serving behavior in times of crisis helps anchor guilt. The analysis shows that news commentators use readily available information, which resonates with established stereotypes and traditional bad characters.

The third heuristic tool is the use of comparisons and metaphors. Comparisons with previous crises are meant to grasp what this crisis is a case of. The media analysis reveals how with the explosion of the financial system we move from comparisons with recent debacles, such as the 1987 crash to some comparisons with the 1930s crisis. Through these comparisons, the crisis is progressively redefined as the worst crisis since the Great Depression. Comparisons also help ground the accusation. In the media, comparisons abound between investment bankers and mad scientists, between Wall Street CEOs and the Godfather, between Wall Street culture and a gigantic party. George Bush himself echoed this party theme, when he summarized the crisis by arguing that Wall Street got drunk.⁶¹ Comparisons and metaphors are used when things cannot be understood in their context.

Complexity and Rashomon Effects

This difficulty to assign blame for the crisis paves the way for a Rashomon effect (Heider 1988): actors can produce different, but equally plausible accounts of the crisis. I show how re-embedding actors in a structural, temporal and personal context helps to understand their judgments of responsibility. A structural position determines the cognitive and strategic frames that actors use to assign responsibility. It shapes their vision of the world, and of their interests. A structural position is determined by a position in an organization, a field, and a wider structure of power relations. This very detailed analysis can help understand why two actors with the same ideology attribute blame differently. A Democrat President and a Democrat congressman do not have the

⁶¹ Source: "A Private, Blunter Bush Declares, 'Wall Street Got Drunk,'" *The New York Times*, July 23rd 2008

same discursive logic. They have a different standpoint, but also pay attention to different actors in building their analysis. The Democrat congressman pays more attention to his counterparts in Washington and in his locality.

Re-embedding actors in a structure also helps explain why some actors choose not to blame much. The analysis of the field of government (figure 3.9) showed that regulators received much more blame than they attributed. Ben Bernanke's discourses are always closely monitored, giving him a voice in the media, but he chose not to counter-attack much. It is not his role to assign blame for the turmoil affecting the nation. Patterns of blame are not static though. They evolve over time, as new elements are uncovered, and as past mistakes and current responses constantly shape narratives. The media analysis showed more temporal variation than the interviews in the composition of the blaming patterns. By definition, newspapers discuss recent and important events every day, which can partly account for this variation. The analysis showed a dynamic interplay between the increasing public outcry in the media and interviewees' responses. The interview analysis also revealed that a personal trajectory shaped attribution processes: interviewees were reluctant to blame actors they had a positive emotional tie to.

Responsibility Judgments and Power Dynamics

This multiplicity of interpretations can give more leeway for the powerful to define responsibility. In its definition, and in its consequences, responsibility is an act of power. Moral entrepreneurs play an active role in defining deviant behavior, both in settled and unsettled times. The key question is then to understand who these actors are, and how they can impose judgments of responsibility. I argue that a dominant position within an organization, a field, or a society confers

the power to impose judgments of responsibility. Power here refers to the asymmetric capacity to influence the behavior of others. It lies at the conjunction of force and authority. Force alone is an unstable source of power. A dominant position provides the power to impose legitimate modes of perception, which will shape judgments of responsibility.

Three factors shape this power. The first one is symbolic capital. Some actors are better equipped to impose the common consensus. In Bourdieu's theory, the State provides one with an "official definition of official identity," in the form of a title, an official position, or an academic qualification. This official definition is symbolic capital, socially, or even legally recognized. The second one is social role. It is the role of the expert, of the judge, of the politician, of the manager – among many others, depending on the context - to define sanctions. Their role explain why they are in a position to blame, and how they can have access to and control over forums of accountability. Phil Angelides presides over the financial crisis inquiry commission, Paul Krugman writes columns in *The New York Times*, Christopher Cox, the former head of the S.E.C. can decide to conduct a public investigation on an investment bank. The third factor is socio-economic status, as defined by class, gender and race, which can affect the perceived legitimacy of one's discourse.

The capacity to shape dominant modes of perception is diffused, but concentrated in gate-keeping functions. It is also hotly contested among dominant actors, especially in times of crisis. Interpersonal, organizational, field power logics become obvious in these moments. The organizational deviance literature (Stone 1975; Vaughan 1983, 1996) shows that in case of mishap, a CEO will push the responsibility down the hierarchical line. S/he will blame the middle management, who was in charge of the smooth functioning of daily operations. S/he will argue that s/he could not know what was going on. The interview analysis shows that the bankers at the

highest level of seniority did not push blame down the hierarchical line. They did argue that the crisis was unpredictable though. The power to impose judgments of responsibility is enforced when the stakes are high.

The media analysis confirms the pattern exposed by the organizational deviance literature though.⁶² Banks' middle management did get fired. But it also shows that when the scandal takes bigger proportions, the board of directors can decide to fire the CEO. For instance in the Fall of 2007, the dismissals of the CEOs of Citigroup and Merrill Lynch, C. Prince and S. O'Neal, were preceded by rounds of top management layoffs. The dismissals of these two CEOs coincide with a moment when the boards themselves start being accused of failing to monitor the risk taken by the organization. Board members can themselves be dismissed. They can also be called to account by the media, or by congressional inquiry commissions. Robert Rubin, former Treasury of the Clinton administration, and former Citigroup board member, was called to testify by the Financial Crisis Inquiry Commission. His defense will always be the same: he had a side role, and could not know what was happening within the organization. The crisis was a perfect storm. The analysis shows that blame is a power game to be explored dynamically. Power dynamics are recomposed in this cascade of accountability forums. An endless game of accusations and counter-accusations can start this way.

⁶² The S.E.C. versus Goldman Sachs trial is a good example of this pattern. Fabrice Tourre, who at the time was a 31 years old VP, was the only employee who was personally prosecuted. S/he will argue that s/he could not know what was going on.

Blame Games

A blame game then explains how blame can crystallize on specific actors. A blame game is not necessarily a game of one party blaming the other one. It is rather a competition to impose dominant worldviews. The media analysis shows how a blame game dominated by Washington explains how the public ire finally crystallized on Wall Street. Washington has the capacity to set the agenda. It orients the content, timing, and framing of the “master forum” of the media. It also controls very powerful accountability forums, such as Congressional Hearings. During Congressional Hearings, actors are called to account, and new documents and analyses are released, through subpoenas if need be. These congressional hearings, these public investigations, and associated speeches find a wide echo in the media. The political sphere has the ultimate capacity to promote occurrences into events. It can make the actions of other parties visible, and to transform them into scandals. To put it simply, it is unclear if blame would have crystallized on Wall Street so forcefully if the political sphere, and Democrats in particular, had not pushed blame in this direction.

Affirming that the political sphere orients the public discourse does not mean that this capacity is not shared. Journalists are not simply Muppets echoing politicians’ discourses. They make their own interpretations, and conduct their own investigations. They rely on a wide variety of sources, including academics, to sustain their arguments. They also control a powerful accountability forum. They can call politicians to account, and participate in the dismissal of a political regime. But the media analysis showed that the peaks in blaming intensity were systematically associated with events initiated by the political sphere – from the bailouts and the stimulus package, to the different rounds of Congressional Hearings, to the SEC versus Goldman Sachs lawsuit. A deep analysis of the corpus of articles in the Fall of 2008 shows that the events

that have the most impact economically are not the ones that have the most impact politically. The failure of Lehman Brothers and the rescue of AIG are not the main contributors to the first peak of blame (even with a lag). Blame is inherently linked to the political sphere.

Understanding blame games then implies the need to identify who controls the public discourse, who controls the forums of accountability, and how they use this power. Some actors lose their capacity to shape the public discourse, because they lose their official position, and because their voice is discredited. In a blame game, actors pay close attention to the past and current mistakes of the other party. Anything you say or do can be held against you. Large rounds of bonuses might not have been a mistake from a managerial standpoint. From a political standpoint, they were a phenomenal mistake. It is difficult to prove through a media analysis that actors who are heavily blamed lose their capacity to shape the public discourse. It is rather intuitive to assume that such is the case though. For instance Greenspan, the Maestro of the recovery of the early 2000, will never manage to impose his narrative. His voice is systematically discredited, and his words are turned against him. He is ridiculed when he says that his ideology was flawed – rather than himself. Maybe silence is golden for heavily blamed actors.

Claims, Accounts, Roles

The importance of accounts in shaping the accusation, and helping the defense, shows again that controlling forums of accountability is crucial to shape the orientation of the public discourse. The application of a sanction results from a dynamic game of labeling and account giving. It is beyond the scope of this dissertation to analyze the effect of an admission or a rejection of responsibility on the evolution of media depictions of the crisis. It is also beyond its scope to analyze justification

strategies. They both have a real impact though. Arguing that you are only doing God's work might not be the best account giving for the CEO of Goldman Sachs. Blumstein et al. (1974) found that a negative act does not matter as much as the account. Individuals can neutralize actions and their consequences with the proper defense strategies. It is unclear that such is the case here, but it begs for further investigation.

The interpretation of accounts certainly depends on their appropriateness. But the account frameworks focus on the appropriateness of the account relative to the deeds. But both role and deeds matter. The interviews showed that a position within an organization shaped the type of accounts chosen: unpredictability and peer pressure at the top, and powerlessness at the bottom. Deeds and role define a repertoire of plausible accounts. The interpretation of the account might also depend on its timing. Once an accusatory frame becomes dominant, once the public anger is too intense, it is unclear how any account could neutralize the accusation. Finally the interpretation of accounts might depend on the interests of the parties at play. Defense strategies can be ridiculed, and used against the account giver. Again, the crystallization of narratives reflects the dynamic structure of power.

A judgment of responsibility cannot be reduced to the capacity of dominant groups to impose a sanction though. My approach is not hyper-constructivist. A judgment of responsibility is based on fact, which constrain the orientation of the sanction. The sanction must then be justified, based on principles of justice (Stark 2009, Boltanski and Chiapello 1999, Boltanski and Thévenot 1991). There is a grammar of justification, which will explain why a sanction, and an account are more acceptable than other ones. Some accusatory frames, and some defense strategies, "resonate" with a wider political, social, and cultural context. In the event of a crisis, a

plausible explanation is chosen among a repertoire of causes, which leads to the selection of a repertoire of plausible agents (Douglas 1992, Tilly 2008, Douglas [1966] 2003).

The role of the actors becomes reexamined and redefined in the process of labeling and account giving. The obligations of an investment bank towards its clients, towards its shareholders, towards society as a whole are reconsidered in a financial crisis. This definition is of course heavily contested. The whole structure of the economy also becomes reconsidered. Economic crises make visible both the forces and relations of production, which become subject to conflictive negotiation. The recent crisis revealed the massive financialization of the American economy, a culture of excessive risk taking and lavish compensations that prevailed in the financial and mortgage industries, and the overall laissez-faire attitude of Washington. All these aspects of the American economy, which were sometimes unknown to the general public, became open to evaluation. This process of reexamination of roles and structures might be as important in enforcing social cohesion and solidarity than the sanction itself, which tends to lead to social exclusion.⁶³ It reaffirms social ties.

⁶³ Responsibility judgments do not necessarily result in social exclusion. Shaming can be reintegrative or stigmatic Braithwaite, J. 1989. *Crime, shame and reintegration*. Cambridge, UK: Cambridge University Press. Braithwaite, J. 1989. *Crime, shame and reintegration*. Cambridge, UK: Cambridge University Press. (Braithwaite 1989). A reintegrative shaming is a disapproval that is respectful of the person, ends in forgiveness, does not label the person as evil, and let the condemnation become a master status.

Generalizability

My theory of blame games calls for an examination of its generalizability. Disruptive events are not always immediately followed by frenzied searches for guilt (Giesen 2016, Levy and Sznajder 2004, Olick 2007, Olick and Robbins 1998, Tsutsui 2009). World War 2 was followed by a period of general denial of the atrocities committed during the war in Germany and Japan. The quest for responsibilities started in the late 1950s, and never really ended. This period of History is still widely revisited by Historians and the general public alike. It might be related to the importance of the trauma, or to the absence of dominant parties with a strong interest in assigning blame. The comparison shows that there can be a time lag between major disruptions and blame games though. It also shows that no judgment of responsibility is ever definitive. Major crises are constantly reconsidered. The revisiting effort depends itself on the importance of the trauma.

Maybe some disruptive events never trigger blame games at all. We can imagine a situation where the power to shape the public discourse is so concentrated that there is no space for a blame game. A dictator can define responsibility immediately, and without being contested. We can also imagine a strongly tied community, where the disaster will immediately be coded and transcribed into sanctions. Conversely in loosely tied communities blame can take many directions. Blame is the reflection of the way a society is organized (Douglas 1992). Maybe there are also situations where a main culprit is never defined. Blame continues to be divided among a myriad of potential culprits, without ever crystallizing on one versus the other. This type of situation could depend on the complexity of the crisis itself, on the loose organization of the social structure, and on the force, authority, and intentions of the gatekeepers. It does not exclude an intense blame game though. It just never finds a resolution.

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