

Silvia Kolbowski  
**“When Even  
Good News  
Worsens a  
Panic”**

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*From the start of the credit crisis, panic has been caused by what we didn't know. What happens if a Lehman Brothers is allowed to fail? What happens if toxic mortgage-backed securities are bought through a government bailout? Then, what happens if the U.S. treasury decides not to bail the banks out of these bad debts?*

*So it should have been reassuring that one of the most nerve-racking of the unknowns turned out to be benign.*

*We now know that we should not have feared huge losses in the multitrillion-dollar unregulated market for esoteric instruments called credit default swaps. Transactions in this market have been orderly, and the losses have been modest.*

*Instead of cheering this happy news and reassuring investors, Washington last week pilloried these swaps and set out to regulate or even ban them. Bankers know this puts at risk one of the few remaining smoothly functioning parts of the credit market. Markets reacted to this new unknown unknown: How much damage will be caused by regulators creating new problems and distracting attention from the real ones?*

*To be fair, credit default swaps are complex and poorly understood. These swaps let investors buy insurance against a company or a country defaulting on its debt payments. If a bank decides it has too much exposure to, say, the oil industry, it can insure against the risk of companies in this industry defaulting.*

*Last week, banking expert Peter Wallison of the American Enterprise Institute walked the sophisticated audience of the Exchequer Club through how these swaps work. He offered the example of bank A making a \$10 million loan to company B. Bank A can eliminate most of the risk of B from its books by going to C, a dealer in these swaps, who agrees to pay the \$10 million to A if B defaults, in exchange for A paying an annual premium to C for the protection. A will want collateral from C to be sure it's good for the debt. As a dealer, C will hedge its exposure, entering into a swap with D, which also hedges through E.<sup>1</sup>*

Dealer E feels palpitations and chest pressure. A panic attack or a heart attack? This could be a matter of life and death, unless Dealer E makes

the right judgment.

*The symptoms of a panic attack appear suddenly, without any apparent cause. They may include*

- \* racing or pounding heartbeat (palpitations);*
- \* chest pains;*
- \* stomach upset;*
- \* dizziness, lightheadedness, nausea;*
- \* difficulty breathing, a sense of feeling smothered;*
- \* tingling or numbness in the hands;*
- \* hot flashes or chills;*
- \* dreamlike sensations or perceptual distortions;*
- \* terror: a sense that something unimaginably horrible is about to occur and one is powerless to prevent it;*
- \* a need to escape;*
- \* fear of losing control and doing something embarrassing; and*
- \* fear of dying.*

*A panic attack typically lasts for several minutes, is one of the most distressing conditions that a person can experience, and its symptoms can closely mimic those of a heart attack... . Anxiety attacks that take place while sleeping, also called nocturnal panic attacks, occur less often than do panic attacks during the daytime... . Nocturnal panic attacks tend to cause sufferers to wake suddenly from sleep in a state of sudden anxiety for no apparent reason and can have all the other symptoms of a panic attack.*

*Once someone has had a panic attack, for example, while driving, shopping in a crowded store, or riding in an elevator, he or she may develop irrational fears, called phobias, about these situations and begin to avoid them. Eventually, the pattern of avoidance and level of anxiety about another attack may reach the point where the mere idea of doing things that preceded the first panic attack triggers future panic attacks, resulting in the individual with panic disorder being unable to drive or even step out of the house. At this stage, the person is said to have panic disorder with agoraphobia. Thus, there are two types of panic disorder: panic disorder with or without agoraphobia... .*

*Thanks to research, there are a variety of treatments available for controlling panic attacks, including several effective medications, and specific forms of*

*psychotherapy. In terms of medications, specific members of the selective serotonin reuptake inhibitor (SSRI) and the benzodiazepine families of medications are approved by the Food and Drug Administration to treat panic disorder. Examples of such medications include sertraline (Zoloft) and paroxetine (Paxil) from the SSRI group and clonazepam (Klonopin) from the benzodiazepine group. Although alprazolam (Xanax) is often used to treat panic attacks, its short duration of action can sometimes result in having to take it several times per day.<sup>2</sup>*

Or it could be a heart attack. Dealer E remembers that Dealer F recently went to see Cardiologist G.

*If you think you're having a heart attack, call 9-1-1 or your emergency medical system immediately.*

*Some heart attacks are sudden and intense – the "movie heart attack," where no one doubts what's happening. But most heart attacks start slowly, with mild pain or discomfort. Often people affected aren't sure what's wrong and wait too long before getting help. Here are signs that can mean a heart attack is happening:*

*\* Chest discomfort. Most heart attacks involve discomfort in the center of the chest that lasts more than a few minutes, or that goes away and comes back. It can feel like uncomfortable pressure, squeezing, fullness or pain.*

*\* Discomfort in other areas of the upper body. Symptoms can include pain or discomfort in one or both arms, the back, neck, jaw or stomach.*

*\* Shortness of breath. May occur with or without chest discomfort.*

*\* Other signs: These may include breaking out in a cold sweat, nausea or lightheadedness.*

*As with men, women's most common heart attack symptom is chest pain or discomfort. But women are somewhat more likely than men to experience some of the other common symptoms, particularly shortness of breath, nausea/vomiting, and back or jaw pain.*

*If you or someone you're with has chest discomfort, especially with one or more of*

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*the other signs, don't wait longer than a few minutes (no more than 5) before calling for help. Call 9-1-1... Get to a hospital right away... .*

*If you can't access the emergency medical services (EMS), have someone drive you to the hospital right away. If you're the one having symptoms, don't drive yourself, unless you have absolutely no other option.<sup>3</sup>*

Dealer F meets with Cardiologist G to discuss symptoms. Cardiologist G says that indicators point to possible heart disease. But since studies have shown that even low cholesterol does not definitively indicate the lack of heart disease, Cardiologist G cannot hedge the possibility that Dealer F may have heart disease.

Cardiologist G has a drink with Business Partner H and they discuss shrinking staff size. They agree to call in Efficiency Expert I to hedge their possible losses from insufficient reimbursements.<sup>4</sup>

Efficiency Expert I is a successful consultant, nevertheless Clients J and K have been complaining. Efficiency Expert I goes to Therapist L to discuss feelings of doubt.<sup>5</sup>

### **Doubt: A Parable**

*Set in the St. Nicholas Church School in The Bronx during the fall of 1964, Father Flynn asks the audience in the opening line of this play, "What do you do when you're not sure?"*

*His colleague, Sister Aloysius, is an old-school nun who insists that her students not be coddled: "Every easy choice today will have its consequence tomorrow. Mark my words." Flynn, following the Second Vatican Council's directive, believes the clergy should be more accessible to the parish and be thought of "as members of their family."*

*These two schools of thought come into direct conflict when Aloysius suspects Flynn of "interfering" with Donald Muller, the school's first black student. Sister James, an inexperienced but enthusiastic young nun who has been an indirect witness to the dealings between Flynn and Muller, is subsequently confronted by Aloysius. When James reluctantly reports smelling alcohol on Donald's breath after a visit with Flynn, she sets the play's central conflict into motion. The fourth character, Mrs. Muller (Donald's mother) provides yet another perspective when she's brought in to discuss the situation with Aloysius. She*

*supports her son's friendship with Flynn, inappropriate or not, and hints that this situation has arisen for Donald before.*

*In a verbal battle, Aloysius confronts Flynn with her suspicions, demanding his confession and resignation. He refuses, denying any wrongdoing. When Aloysius claims to have evidence, he appears to crumple and she exits, seemingly victorious.*

*In the final scene, we learn that Flynn has been transferred to another parish and received a promotion, and Sister Aloysius confesses to Sister James that she has grave doubts about the events that have transpired.<sup>6</sup>*

Clients J and K have already been to see Therapist L, so although Efficiency Expert I would like Therapist L to hedge the feelings of doubt, the situation is complicated and Therapist L cannot offer to fully eliminate the risk.

*The psychoanalytic concept of "transference" is especially important for understanding online relationships. Because the experience of the other person often is limited to text, there is a tendency for the user to project a variety of wishes, fantasies, and fears onto the ambiguous figure at the other end of cyberspace. The "blending" of one's mind with the other, as some users describe the experience of relating in cyberspace, may reflect this transference process. In fact, some users describe this blending of mind with the computer itself. Transference to the computer and to other users may interact in very subtle, complex ways. As one avid cybernaut once told me, "wherever I go on the Internet, I discover myself."*

*Unconscious motivations related to the transference will also affect the "filtering" process that determines the choices the user makes in establishing relationships. Users may be surprised to find that the close friends they make online all seem to be the same types of people, even though this was not immediately obvious at the start of the relationship. This unconscious "homing" device can be very sensitive. Even when communicating only via text and in cumbersome or distracting online environments, we nevertheless zoom in on relationships that touch some hidden need within us.*

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*When people exchange photos, call on the telephone, or finally meet the other, they are often surprised at how the real person does not always match the image they had developed in their mind. Meeting face-to-face challenges and reshapes the transference reactions.<sup>7</sup>*

Therapist L meets with Supervising Psychiatrist M seeking collateral for the inability to eliminate the doubt of Efficiency Expert I. Supervising Psychiatrist M cannot provide such collateral, and this could generate a crisis of confidence.

Supervising Psychiatrist M checks the computer and finds messages from Family Members N, O, and P requesting attendance at events. But schedules are uncertain, so Supervising Psychiatrist M cannot hedge the outcome. Family Member P responds by berating Friend Q, seeking to hedge through a verbal explosion the inattention of Supervising Psychiatrist M.

### **Controlling Anger—Before It Controls You**

*Anger is a completely normal, usually healthy, human emotion. But when it gets out of control and turns destructive, it can lead to problems – problems at work, in your personal relationships, and in the overall quality of your life. And it can make you feel as though you're at the mercy of an unpredictable and powerful emotion ...*

### **The Nature of Anger**

*Anger is "an emotional state that varies in intensity from mild irritation to intense fury and rage," according to Charles Spielberger, PhD, a psychologist who specializes in the study of anger. Like other emotions, it is accompanied by physiological and biological changes; when you get angry, your heart rate and blood pressure go up, as do the levels of your energy hormones, adrenaline, and noradrenaline.*

*Anger can be caused by both external and internal events. You could be angry at a specific person (such as a coworker or supervisor) or event (a traffic jam, a canceled flight), or your anger could be caused by worrying or brooding about your personal problems. Memories of traumatic or enraging events can also trigger angry feelings.*

### **Expressing Anger**

*The instinctive, natural way to express anger is to respond aggressively. Anger is a natural, adaptive response to threats; it inspires powerful, often aggressive, feelings and behaviors, which allow us to fight and to defend ourselves when we are attacked. A certain amount of anger, therefore, is necessary to our survival... . Anger can be suppressed, and then converted or redirected... . The danger in this type of response is that if it isn't allowed outward expression, your anger can turn inward – on yourself. Anger turned inward may cause hypertension, high blood pressure, or depression.*

*Unexpressed anger can create other problems. It can lead to pathological expressions of anger, such as passive-aggressive behavior (getting back at people indirectly, without telling them why, rather than confronting them head-on) or a personality that seems perpetually cynical and hostile. People who are constantly putting others down, criticizing everything, and making cynical comments haven't learned how to constructively express their anger. Not surprisingly, they aren't likely to have many successful relationships.*

*Finally, you can calm down inside. This means not just controlling your outward behavior, but also controlling your internal responses, taking steps to lower your heart rate, calm yourself down, and let the feelings subside.*

*As Dr. Spielberger notes, "when none of these three techniques work, that's when someone – or something – is going to get hurt."<sup>8</sup>*

Friend Q goes home to seek solace in Dog R, but can't shake the feeling that Dog R's devotion is connected to food. Dogwalker S arrives and asks Friend Q for a raise to hedge the probability of losing other clients in a bad economy, as Dogwalking Clients T, U, and V have already discussed this likelihood.

### **This (New) American Life**

*Kelly Reichardt's latest film, "Wendy and Lucy," is 80 minutes long – it would fit inside*

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Baz Luhrmann's "Australia" twice, with room to spare – and does not contain a superfluous word or shot. Like "Old Joy" (2006), Ms. Reichardt's modest and critically beloved second feature, "Wendy and Lucy" takes place mainly outdoors and registers the natural beauty of the Pacific Northwest with unostentatious affection.

Instead of a musical soundtrack there is, for the most part, the sighing of the wind in the trees, the rumbling of freight trains and trucks and, sometimes, the absent-minded humming of Michelle Williams, who plays Wendy, a young woman drifting through Oregon and Washington on her way to Alaska.

... At first glance "Wendy and Lucy" looks so modest and prosaic that it seems like little more than an extended anecdote. A young woman pauses on her journey in a nondescript, weary town and encounters a run of bad luck, some of it brought about by her own bad decisions. Her car breaks down. She is arrested for shoplifting. Her dog goes missing... .

This movie, which was shot in August 2007 and made its way through various international festivals before arriving in Manhattan on Wednesday, seems uncannily well suited, in mood and manner, to this grim, recessionary season. We may be seeing more like it, which I suppose would be a silver lining of sorts ... <sup>9</sup>

Dogwalking Client V calls Bank W to request a loan. Dogwalking Client V offers art holdings as a hedge against loss of collateral. But Bank W requires that Dogwalking Client V obtain a hedge from Dealer X.

### Things Fall Apart

It seemed like a funny joke back when folks were saying that in the movies the only time America elects a black president is either pre-apocalyptic (Morgan Freeman in Deep Impact) or post-apocalyptic (Terry Alan Crews in Idiocracy).

It's maybe not so funny anymore.

Wherever you look, people whom you'd hope would have some inside knowledge of the American near future, seem to be losing their minds.

Sure, Governor Blago might have always been a hoodlum numbskull but how else to explain super lawyer Marc Dreier suddenly gambling an insanely lucrative legitimate career to try to con hedge funds out of as much as \$380 million? And just yesterday seventy-year-old Wall Street legend Bernard L. Madoff stands accused of one of the most egregious white collar crimes in history – bilking his investors of as much as \$50 billion.

Do they know something we don't know? It's as if the risk of getting caught was outweighed by their panicked desire to get as much as they could before it's all gone.

It's as if the architect of the Titanic, minutes after they brushed the iceberg, said, "Don't mind me, I'm just going out for a smoke," when really, knowing what he knew about the ship's chances, stole into a lifeboat and set off alone into the dark cold waters.<sup>10</sup>

Dealer X receives a call from Gallery Y, asking for payment due. Dealer X agrees to enter into the swap with Gallery Y if Gallery Y offers to hedge the value of Artwork Z. In the interim, Gallery Y will borrow from Bank A.

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Silvia Kolbowski is an artist based in New York. Her scope of address includes the ethics and politics of history, culture, and the unconscious. Her most recent project, a video and photo work entitled *After Hiroshima Mon Amour* (2008), opened as a solo exhibition at LAXArt in Los Angeles in September 2008, and will open in a one-person exhibition in January 2009, entitled *Nothing and Everything*, at the Leonard & Bina Ellen Art Gallery, Concordia University, Montreal. She is on the advisory board of the journal *October* and teaches in the CCC program at the École Supérieure d'Art Visuel, Geneva.

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