

Birth of Biopolitics

Outline by John Protevi
LSU French Studies
protevi@lsu.edu

Permission granted to copy and distribute for academic use with proper attribution.

Lecture 1: 10 January 1979

- I) Aim of lectures: continue retracing history of art of governmentality
 - A) Object: "government's 'consciousness' of itself"
 - 1) How government practice was conceptualized
 - 2) Object, rules and objectives of "domain of practice of government"
 - 3) "Study of rationalization of government practice in exercise of political sovereignty"
 - B) Method: (nominalist) eschewing of universals; focus on concrete practices
 - 1) Not "historicism," which assumes universals which change in history
 - 2) But assumption that universals do not exist and thus tracing of concrete practices "apparently organized around something that is supposed to be" X (e.g., "madness")
- II) Recap of last year's lectures
 - A) Raison d'Etat defined state as autonomous reality
 - 1) Mundane (i.e., not concerned w/ afterlife salvation)
 - 2) Existing in plurality of other states (no horizon of integration in restored Empire)
 - B) Means of governing (all aiming at European equilibrium)
 - 1) Mercantilism
 - 2) Police
 - 3) Permanent army and diplomacy
 - C) Against reified "state phobia": it's not a "cold monster," but a "correlate of a way of governing"
 - D) Important factors in raison d'Etat for what comes after (= "liberalism")
 - 1) Limitations:
 - a) Foreign policy aiming at equilibrium means states must limit their external objectives
 - b) Internal policy on the other hand is "unlimited" (all the better to compete w/ other states)
 - 2) Internal self-limitation or at least opposition now comes in form of law
 - a) Medieval royal power grows not just by military, but also by judicial institutions
 - b) In era of raison d'Etat
 - i) Law is now "extrinsic" to raison d'Etat
 - ii) Jurists argue that sovereign may not contravene
 - (a) Basic laws of the realm
 - (b) Natural law
 - (c) Social contract
- III) Forecast of this year's lectures: liberalism as "internal regulation of governmental rationality"
 - A) Five internal limitations producing "critical governmental reason" (Kantian echo)
 - 1) De facto limitation: government ignoring its self-limits is not illegitimate, but inadequate
 - 2) General limitation
 - 3) Internal to state, so that this limitation is itself the means to realizing objective of government
 - 4) Non-judicial
 - a) Does not create zone of freedom w/in men as subjects (i.e., "rights")

- b) But limits what government does: what it should and shouldn't do
 - 5) Transactional: government is no longer imposed, but "transacted"
- B) Political economy is "intellectual instrument" that permits liberalism as government self-limiting
 - 1) Ambiguity of term
 - a) Analysis of production and circulation of wealth (i.e., the "politics" of economy)
 - b) Reflection on powers in a society (i.e., the "economy" of politics)
 - 2) Key points in considering political economy
 - a) Formed from within *raison d'Etat* (as opposed to "extrinsic" judicial thought)
 - b) Physiocrats (first form of political economy) concluded a despotic state was needed
 - c) Reflects on governmental practice in terms of effects, not origins (question of legitimacy)
 - d) Discovers "natural" / intelligible mechanisms, not natural rights
 - e) Utility (success or failure) is now only criterion of governmental action
 - i) This means governments can be mistaken / ignorant (rather than wicked)
 - ii) Thus the questions of limitation and of truth are introduced
 - (a) This is not Prince's wisdom (based on "equitable equilibrium")
 - (b) But maximum / minimum: govt never knows too well how to govern just enough
- C) A new regime of truth is established
 - 1) No longer a question of exercise of sovereign rights
 - 2) But political economy enables a judgment of government action in terms of truth (did this action act on a false understanding of intelligible economic mechanisms?)
 - 3) Thus reconfiguring of self-questioning of government
 - a) Medieval: conformity to moral / natural / divine law?
 - b) Absolutism: conformity to *raison d'Etat* so that state is strongest?
 - c) Liberalism: conformity to *maxi min* posed by nature of economic reality?
 - 4) Analyzing relation of practices and regime of truth is same as for F's previous work
 - a) How does a "conjunction" of practices and regime of truth make what "does not exist" (madness, etc.) "become something" even as that "something" "continues not to exist"?
 - b) Thus he's not after exposing past "errors" or "illusions"
 - c) But he's after a *dispositif* of knowledge-power which
 - i) Effectively marks out in reality that which does not exist
 - ii) And legitimately submits it to division between true and false
 - 5) So here he is after the "birth of dissymmetrical polarity of politics and the economy"
 - a) This happens between Walpole's prudent wisdom of prince ("let sleeping dogs lie")
 - b) And the "*laissez-nous faire*" that is the principle of liberalism
- IV) Conclusion: relation of biopower / population / liberalism
 - A) Can only understand biopower in terms of liberalism's treatment of the population
 - B) But in treating liberalism we treat our "immediate and concrete reality"

Lecture 2: 17 January 1979

- I) Liberalism as regime of truth / market as site of veridiction
 - A) Liberalism and *raison d'Etat*
 - 1) Liberalism does not overcome *raison d'Etat*, but is "intensification / internal refinement" of it
 - 2) "Frugal" government is the question of liberalism
 - B) Liberalism as regime of truth: connecting *raison d'Etat* w/ political economy
 - 1) Market as site of justice for Middle Ages
 - a) Regulated
 - b) Sale price seen as a just price
 - c) Site of distributive justice

- d) Ensuring absence of fraud / protection of buyer
 - 2) The liberal market is now a site of truth, of "veridiction"
 - a) Natural / spontaneous mechanisms
 - b) Prices are now "natural" / good / normal / "true" (fluctuates around value of product)
 - c) The natural price is now a criterion for judging correctness of government action
 - C) Methodological remark: Foucault's complex historiography
 - 1) F is non-idealist (market doesn't become site of veridiction bcs of theoretical impact of economic science)
 - 2) But he also eschews search for single cause; there is instead a complex relation among
 - a) Monetary situation
 - b) Economic and demographic growth
 - c) Intensification of agricultural production
 - d) New methods of reflection on economic practice
 - e) Theorization of economic problems
 - 3) IOW, establishing intelligibility of historical change = "simply showing it was possible"
 - a) Not that it was "necessary"
 - b) Nor that it was "one possibility in a determinate field of possibilities"
 - i) [JP: I don't know what to make of this given the Deleuze / Bergson critique]
 - D) Examples of other investigations into intersection of jurisdiction and veridiction
 - 1) Psychiatry as truth regime connected to juridical institutions of confinement
 - 2) Human sciences as truth regime connected to juridical institutions of penal practice
 - 3) Sexuality at intersection of "jurisdiction of sexual relations" and "veridiction of desire"
 - E) So what F is after is "history of truth" as a "genealogy of regimes of veridiction"
 - 1) Object = history of "set of rules enabling one to establish which statements in a given discourse can be described as true or false" [cf. OT and AK]
 - 2) Not to be confused with critique of excesses of European rationality
 - a) From Romanticism to Frankfurt School it's been the same
 - b) F is not after denunciation
 - i) Of the oppression of reason (bcs. madness is also oppressive)
 - ii) Of the presumption of power in affirmation of truth (lies and error abuse power too)
 - c) But after "conditions" and "effects" of veridiction: what are conditions of "discourse"
 - 3) The "political significance" of this genealogy is not
 - a) Denunciation of errors of the past
 - b) But establishing how what we now know to be error was considered to be true
- II) Liberalism and law as limiting power of public authorities
- A) Police state
 - 1) Unlimited government: police state = government merged with administration
 - 2) Extrinsic legal limits focused on sovereign rights
 - B) Liberal / "frugal" government
 - 1) Internal / self-limitation
 - 2) Political economy and public law as limiting government in name of truth of market
 - a) Two means of approaching this question
 - i) Axiomatic / juridico-deductive / revolutionary approach: Rousseau
 - (a) Natural rights
 - (b) Those rights one agrees to cede
 - (c) Deduction of bounds of government competence w/in framework of sovereignty
 - ii) Radical / utilitarian approach
 - (a) Starting not from question of legitimacy, but from governmental practice itself
 - (b) Find the limits of acceptable government action in terms of utility
 - b) Two conceptions of the law
 - i) Revolutionary / axiomatic approach: law as expression of a will

- ii) Radical / utilitarian approach: law as effect of a transaction
- c) Two conceptions of freedom
 - i) Juridical: freedom as possession to be divided into ceded and kept portions
 - ii) Independence: freedom not as exercise of a basic right, but independence from govt.
- C) Methodological remark: need for "strategic" / "non-dialectical" logic to connect two approaches
 - 1) Dialectical logic "puts to work contradictory terms w/in the homogeneous"
 - 2) Strategic logic "establish possible connections btw disparate terms" "remain heterogeneous"
- D) We see heterogeneous connections, but dominance of utility as principle of govt self-limitation
 - 1) With the market we see exchange and value
 - 2) And we have utility as criterion for judging govt action
- E) Interest is now the general term linking these two
 - 1) Not interest of the state as in *raison d'Etat* (sovereign hold on land / things)
 - 2) But plural interests: "complex interplay btw individual and collective interests"
 - a) Example in penal system shift
 - i) From sovereign punishment as physical torture
 - ii) To "thin phenomenal theme of interests" as only thing govt has a hold on
 - (a) Here the questions are ones of utility / interest
 - (b) So govt no longer exercised on subjects, but on interests
 - 3) "What is utility value of govt ... where exchange determines true value of things?"

Lecture 3: 24 January 2009

- I) Europe and the international space in liberalism
 - A) *Raison d'Etat* aimed to maintain European equilibrium
 - 1) Internally, no limits to police state, but externally there had to be limits to maintain balance
 - 2) Zero sum game implied with mercantilism (monetarism / finite gold supply)
 - B) Liberalism shows dual profit and mutual enrichment, hence no zero-sum game
 - 1) Hence we have a "Europe of collective enrichment" / unlimited economic progress
 - 2) But this requires "permanent and continuous inputs" from "extended market"
 - a) Translated term "globalization" = French *mondialisation*
 - b) Avoiding intra-European conflict by expanding outward
 - c) F distinguishes this from both colonization and 19th C imperialism
 - 3) Rather we have "a new type of global calculation in European governmental practice"
 - 4) Examples of this new calculation of a globally active Europe of commerce
 - a) Maritime law
 - b) Projects for international peace (e.g., Kant and "Perpetual Peace")
 - C) Now the appearance of this new calculation does not mean other rationalities disappear
 - 1) There's always going to be overlap of forms of rationality
 - 2) For example, let's analyze the Congress of Vienna
 - a) Napoleon's imperial idea had three objectives
 - i) Empire will internally guarantee freedom (is less interventionist than absolutism)
 - ii) Empire will give a "European form" to "unlimited revolutionary project"
 - iii) Empire will reconstitute the Carolingian / Holy Roman Empire
 - b) Austrians want to reconstitute old-fashioned European equilibrium of police states
 - c) English want equilibrium on basis of being economic mediator btw Europe / rest of world
- II) Fundamental features of liberalism:
 - A) Recap of the three features:
 - 1) Market veridiction
 - 2) Limitation by calculating government utility

- 3) Europe as unlimited economic development in a world market
- B) Why call this "liberalism"? Isn't that too restrictive term?
 - 1) There is a governmental naturalism in physiocratic doctrine, but this entailed despotism, even if that despotism was limited by the clear "evidence" based knowledge of economic practice
 - 2) There is a concern with freedom at heart of new govt reason, but this is not quantitative
 - a) Factually: how can you compare the quantity of freedom?
 - i) Absolutist administration / police state
 - ii) Liberal conducting of conduct in every detail of daily life
 - b) Methodologically: (F's nominalism here once again)
 - i) Freedom is not a universal that is particularized in space and time (and can vary)
 - ii) Freedom is the "actual relation btw governors and governed"
 - (a) Measure of "too little" existing freedom
 - (b) Comes from the demand for "even more" freedom
- III) What does F mean by "freedom" in liberal government?
 - A) General relation of freedom and liberal government: "productive / destructive"
 - 1) It is a "consumer" / "producer" / "manager" of freedom (of market, property rights, etc.)
 - 2) "Manager of the conditions in which one can be free"
 - 3) Liberalism = a "productive / destructive relation" with freedom
 - a) Free trade / protectionism
 - b) Create buyers for internal market to work (resist impoverishment of workers)
 - c) Anti-monopoly interventions
 - d) Free labor market / reserve army of unemployed
 - B) Principle of calculation for cost of manufacturing freedom = "security"
 - 1) Weighing relation of individual and collective interests
 - 2) Security / freedom as ensuring the "least exposure to danger"
 - a) Motto of liberalism = "live dangerously" ("political culture of danger")
 - i) Savings banks (elicit fear of danger of old-age impoverishment)
 - ii) Detective fiction / *faits divers* (elicit fear of danger of crime)
 - iii) Campaigns against disease
 - iv) Attention to sexuality and "degenerescence"
 - b) Extension of disciplines as counterweights to freedom
 - i) Panopticon starts as regional mechanism
 - ii) But ends as "very formula of liberal government"
 - c) Mechanisms that introduce additional freedom through additional control / intervention
 - i) Control is no longer just counterweight to freedom but its mainspring
 - ii) E.g., Roosevelt's welfare policy
 - (a) Produces freedom to work / consume
 - (b) At cost of economic interventions (seen as "road to serfdom")
 - 3) Liberal "crises of governmentality" = concern w/ economic cost of exercise of freedom
 - a) "Liberogenic" compensatory mechanisms = producing / threatening freedom
 - b) Present (1979) crisis of liberalism traces itself to
 - i) Keynesian interventions / New Deal social programs deployed to prevent loss of freedom through fascism / communism
 - ii) But such "big government" also destroys freedom, say the liberals!
 - c) These crises of liberalism are related to but not identical to crises of capitalism

Lecture 4: 31 January 1979

- I) Introduction
 - A) Contemporary state phobia
 - 1) Many sources: Soviet Union / Nazi Germany / even Beveridge Plan
 - 2) Sign of contemporary crisis of governmentality
 - B) Doing w/o a theory of the state
 - 1) F does not ignore the "statification" of governmental practices
 - 2) But he does refrain from starting with analyzing nature / function / essence of state and then trying to deduce current practices of state governmentality from that essence
 - a) History is not a deductive science
 - b) State does not have an essence
 - i) It is not a universal, nor is it an autonomous source of power
 - ii) It is only the "effect" of a "perpetual statification" of multiple practices
 - (a) Finance
 - (b) Investment
 - (c) Decision-making
 - (d) Control
 - (e) Relations of local / central authorities
 - iii) It is the "mobile effect of a regime of multiple governmentalities"
 - iv) IOW, "moving outside" to see state via analysis of practices of governmentality
 - C) Forecast of lectures:
 - 1) Three topics: law and order / civil society / biopolitics as current liberal governmentality
 - 2) Two forms of neoliberalism:
 - a) German Ordoliberalism (contra Nazism and post-war planning)
 - b) American anarcho-capitalism (Chicago School, contra New Deal)
 - 3) Connections:
 - a) Common enemy = Keynes
 - b) Common objects of repulsion = state control / planning / intervention in economy
 - c) Common theories / figures: Mises, Hayek
- II) German neo-liberalism
 - A) Requirements for European economic policies in 1948 (= Keynesianism)
 - 1) Reconstruction
 - 2) Planning as instrument of reconstruction
 - 3) Social objectives of avoiding relapse into fascism
 - B) German Scientific Council in 1948 proposes use of "price mechanism" as much as possible
 - 1) No price controls and immediate deregulation of market
 - 2) Raised question of legitimacy of the state
 - a) Trivial sense: state abuse of power in economic realm
 - i) Violates basic rights of citizens
 - ii) And thus loses its own right to be considered representative
 - (a) Thus the Nazis did not lose legitimate sovereignty and individual Germans as citizens are not responsible for Nazi crimes
 - (b) But they did lose right to be considered as representatives of German people, so Nazis did not act in the name of the German people
 - b) Profound sense:
 - i) There is now no claim to juridical legitimacy for a new German state
 - ii) But economic freedom can create "point of attraction" for new political sovereignty
 - C) So Germans want to found state on economic freedom
 - 1) Immediate tactical move

- a) Attracts support from American business / industry
 - b) Assuages fears of a German strong state
 - 2) Fundamental feature of contemporary German governmentality
 - a) Economic success creates legitimacy for the state that creates / protects economy
 - b) This is a "permanent genesis" of state from the economy
 - i) More than a mere legal legitimization
 - ii) "Permanent consensus" of all economic agents (workers / investors / unions)
 - (a) Not as Weber analyzed individual enrichment as sign of God's favor
 - (b) But general enrichment as sign of adherence of individuals to state
 - 3) How did German liberalism become accepted?
 - a) Supported by Americans, though mistrusted by Germans
 - b) Resistance by German socialists
 - c) Support by German groups
 - i) Christian Democrats
 - ii) Christian theorists of the "social economy"
 - iii) Labor unions
 - iv) Socialist party: as long as an "equitable social order" resulted
- D) Discussion of the socialist adherence to new program
- 1) Level of doctrine:
 - a) For Marxists, this is betrayal of orthodoxy
 - b) But for others, this is adherence to a new form of governmentality
 - 2) Reasons why
 - a) Political calculation: neoliberalism was only game in town
 - b) Lack of a socialist governmentality
 - i) So what if Marx doesn't have a theory of the state?
 - (a) No one needs a theory of the state to engage with liberalism
 - (b) Locke doesn't have a theory of the state but a theory of government
 - ii) Socialism lacks its own form of governmental rationality
 - (a) Socialism has several rationalities (knows how to operate in these realms)
 - 1. Historical
 - 2. Economic
 - 3. Administrative
 - (b) But it has only operated in connection with other governmentalities
 - 1. As opposition to liberal governmentality
 - 2. Within police state / hyper-administrative states
 - 3) In relation to truth
 - a) Temptation to ask this nonsensical question of socialism (but not of liberalism)
 - b) Bcs it has to supplement its lack of government rationality by fidelity to a text
 - 4) We would have to invent a socialist governmental rationality (Mitterand on horizon)

Lecture 5: 7 February 1979

- I) Post-war German neoliberalism: how can economic freedom found & limit the state?
 - A) A different question from liberalism vs the police state of 18th C absolutism
 - B) Biographies of leading German figures: Eucken, Böhm, et al.
 - 1) They had been dealing with this issue since the 1930s
 - 2) Closeness of Freiburg School (Ordoliberalism) and Frankfurt School (Critical Theory)
 - a) Both start with problematic laid out by Max Weber, displacing Marx
 - i) Marx: contradictory logic of capitalism
 - ii) Weber: irrational rationality of capitalist society
 - b) Two different directions
 - i) Frankfurt School: find new social rationality to nullify economic irrationality
 - ii) Freiburg School: find new economic rationality to nullify social irrationality
 - 3) Nazism as the "field of adversity" for neo-liberals
 - a) Define an objective: found legitimacy of state via economic freedom
 - b) Define "field of adversity" = "whole set of obstacles and enemies" to this project
 - c) Redistribution of technical resources available to them
- II) Field of adversity for the neo-liberals
 - A) Historical sequence of adversaries (actually forms a network rather than sequence)
 - 1) Theoretical objections in 1840s (List): national econ policy and liberalism are incompatible
 - a) Liberalism is suited to a maritime nation (e.g., England)
 - b) Germany needs protectionism
 - 2) Bismarckian state socialism
 - 3) WWI state planning of wartime economy
 - 4) Keynesian interventionism
 - 5) Nazis then contributed a "strict coalescence of these elements"
 - B) Theoretical *coup de force* of German neo-liberals
 - 1) The truth of Nazism / Nazism as truth, as "economic-political invariant"
 - a) Nazism is not a "monstrosity" putting together incommensurate elements
 - b) Nazism is instead truth of system, revealing necessary connection of elements
 - i) Any way you enter on this path, you end up with Nazism
 - ii) "Economic-political invariant":
 - (a) Not constitution of state
 - (b) But any kind of econ intervention
 - 2) Nazism as result of "unlimited growth of state power"
 - a) This is odd, as Nazism can be seen as "withering away of state"
 - i) State is only instrument of the people, the Volk
 - ii) State is disqualified from w/in
 - (a) No longer principle of administrative hierarchy
 - (b) But loyalty and obedience to the Führer
 - iii) The party dominated the state
 - b) Neo-liberals responded that the state is merely being re-organized
 - i) It's just that the 19th C bourgeois state is being destroyed
 - ii) To make way for the Nazi super-state
 - 3) Nazi critique of society produced by bourgeois capitalism (destroys close folk society)
 - a) Nazis seem to critique atomized, mass, consumer, spectacle society
 - b) But all they really do is intensify these trends
 - i) The reason is that these trends are not the fault of capitalism
 - ii) But of interfering with the market, which Nazism does to an extreme

- III) Failure of nerve of liberalism, limiting market instead of setting conditions for its freedom
 - A) Economic intervention = application to society of natural science rationality
 - B) State phobia
 - 1) Such a global critique lets you Social Security and Gulag in same critique
 - 2) Key for neoliberals: attribute to state ills supposedly coming from market
 - a) [JP: here we have the key to market theology: it can never fail, it can only be failed]
 - b) We have to demand even more from the market
 - i) In 18th C, market was supposed to be external limit of state
 - ii) Now, neoliberals say market should be internal regulating principle of state
 - iii) IOW, a reversal
 - (a) No longer the market under supervision by state
 - (b) But a state under supervision by market
 - C) Neo-liberal transformations: principle of market changes from exchange to competition
 - 1) 18th C: market as space for free exchange
 - a) All state should do is to ensure respect for freedom of the exchangers
 - b) Although state could intervene to ensure private property rights in production
 - 2) Neoliberals: competition is the key: inequality, not equivalence: price mechanism
 - a) Neo-classical econ
 - i) State should laissez-faire
 - ii) But can intervene to prevent monopoly
 - b) Neo-liberals: laissez-faire is only a "naïve naturalism"
 - i) Bcs competition is not a given of nature, but a "principle of formalization"
 - ii) "Formal game btw inequalities, not a natural game btw individuals and behaviors"
 - 3) Competition is a formal structure
 - a) It is never attained, but can only be an objective
 - b) Econ – history relation
 - i) So econ theory is analysis of competition as formal mechanism
 - ii) But we can only analyze real effects of any one economy by studying history
 - (a) Thus by historical study we can see which conditions allow for competition
 - (b) Or in fact render competitive effects impossible
 - c) Free market can only be produced by an active governmentality

Lecture 6: 14 February 1979

- I) Critique of simple repetition as model of historical analysis
 - A) Neoliberalism is not just a renewal of past forms
 - 1) Reactivation of classical liberalism
 - 2) Extension of market society (abstract labor, exchange, etc.)
 - 3) Growth of state
 - B) Rather, we have to see the uniqueness of neoliberalism
 - 1) Not to limit state by econ, but to found state on free market principles
 - 2) Transformations:
 - a) No longer laissez-faire: competition is not given, but a formal structure
 - i) Rigorous in its theoretical essence
 - ii) But fragile in its historical reality
- II) Lippmann Colloquium confirms uniqueness of neoliberalism as concern w/ style of govt action.
 - A) Monopoly
 - 1) Classical: monopoly is semi-natural / semi-necessary consequence of competition
 - 2) Neoliberals: monopoly is not part of economic / historical logic of competition

- a) Historical: Monopoly is archaic phenomenon due to state intervention
- b) Juridical:
 - i) Law of joint-stock companies, patent rights, etc
 - ii) Political: link btw national economy / protectionism / monopoly
- c) Economic: increase in fixed capital does support trend to concentration / monopoly
 - i) Not inevitable: monopoly threshold only passed due to market interference
 - ii) Even if it occurs, monopoly is instable and can be fixed by competition
- d) Monopoly disturbs prices
 - i) But a company can't really charge monopoly prices w/o attracting competitors
 - ii) So it has to charge something close to the competitive price
- 3) So conclusion of neo-liberals is to prevent external / non-market causes of monopoly
- B) Conformable economic action
 - 1) Regulatory actions (Kantian echo: providing a focal point for ongoing process)
 - a) Target of interventions
 - i) You must never act on mechanisms of market
 - ii) But only on three tendencies that are conditions of market competition
 - (a) Reduction of costs
 - (b) Reduction of profit
 - (c) Localized tendency to increase profit
 - 1. Price reductions
 - 2. Improvement in production
 - b) Consequences:
 - i) Objectives of regulation = price stability as control of inflation
 - ii) Instruments: control of credit conditions through central bank interest rates
 - 2) Organizing actions: intervention on more fundamental conditions ("framework")
 - a) Population
 - b) Technology
 - c) Legal framework
 - d) Natural environment
- C) Social policy
 - 1) Contrast with social policy of welfare economy
 - a) Counterweight to unrestrained economic processes producing inequality
 - b) Instruments:
 - i) Socialization of elements of consumption (e.g., health care)
 - ii) Income transfer
 - iii) Stronger growth should be rewarded w/ stronger social policy
 - 2) German ordoliberalists reject all of these
 - a) We cannot interfere w/ production of inequality (thus no income transfer)
 - b) Cannot allow socialization of consumption: need for privatization
 - i) Society can no longer insure risks
 - ii) Each individual must self-insure against risks
 - c) Economic growth itself must be the only social policy
- III) Society itself (or "social environment") as target of neoliberal governmentality
 - A) What is neoliberal relation of market and society?
 - 1) It is not what Marxists critique
 - a) Normalized mass consumption "market society"
 - b) That is, society of exchange of commodities (incl. labor power)
 - 2) Rather it is society of competition / "enterprise society"
 - a) "social ethic of enterprise" in Weber, Sombart, Schumpeter
 - i) Everyone should have access to private property
 - ii) Reduction of urban sprawl

- (a) Private homes
 - (b) Small farms
 - (c) Craft industries and small business
- iii) Decentralization / despecialization = organic reconstruction
 - (a) Natural communities
 - (b) Families
 - (c) Neighborhoods
- iv) Control of effects of large-scale production
 - b) A "politics of life," a *Vitalpolitik*: social fabric w/ basic unit as enterprise
- B) Convergence of old critiques of mass society and current neoliberal social policy
 - 1) We no longer aim at society oriented to uniform commodities (Fordist black Model T)
 - 2) But to a society that multiplies and differentiates enterprises (flexible production)
- C) Multiplication of instances for judicial disputes (litigious society)

Lecture 7: 21 February 1979

- I) Recap of last week: social policy of the German neoliberals
 - A) Active government aiming at conditions of market
 - 1) Not intervening in the market or compensating for market effects (inequality)
 - 2) But fighting anti-competitive mechanisms
 - a) Socialized medicine
 - b) Income transfer
 - B) Forming society on model of enterprise
- II) This week: the problem of law
 - A) Louis Rougier at the Lippmann Colloquium
 - 1) Liberalism (= market) not *simply* a natural mechanism as 18th C believed
 - 2) But *also* result of active government judicial framework
 - a) But we can't suppose the current system is best
 - b) Need to constantly adapt legal framework
 - i) Scientific discovery [= intellectual property]
 - ii) Changes in corporate structure [= outsourcing]
 - iii) Changes in structure of society [= new markets; "real subsumption"]
 - iv) Requirements of contemporary consciousness [= media; advertising, etc]
 - B) Neoliberals would reply that 18th C market was just as artificial as contemporary
- III) What is neoliberal about Rougier's text?
 - A) Juridical is not part of superstructure; not a mere expression of economic; it forms economic
 - 1) Theoretical meaning: there is an "economic-juridical order"
 - a) Like Weber, at level of "relations of production" rather than "forces of production"
 - b) Economic is regulated from the start; it can't get ahead of or lag behind law
 - 2) Historical meaning:
 - a) Reject Marx's revolution as independent economic changes forcing superstructural changes from below
 - b) History of capitalism is from the start an economic-institutional history
 - 3) Political stake: survival of capitalism
 - a) For Marxists:
 - i) Economic logic of capital accumulation is determinant
 - ii) There is only one Capitalism
 - iii) So that end of Capitalism is foretold in its current crisis
 - b) For neoliberals

- i) The "capital" process
 - (a) Is only a theoretical entity
 - (b) That exists in a particular historical economic-institutional reality
 - ii) Thus today we have only one form of capitalism ("historical singularity")
 - (a) This singularity can give rise to economic-institutional "transformations"
 - (b) So we have a "field of possibilities"
 - iii) Neoliberals want to show how capitalism can survive w/ different institutions
 - (a) Show how competitive market logic was non-contradictory
 - (b) Show how current ills of capitalism
 - 1. Were historical-institutional [in fact, due to state intervention]
 - 2. And could be overcome w/ better institutions
 - 4) Summary: neoliberal intertwining of two problems
 - a) Logic / theory of competition
 - b) Weberian problem of economic-institutional history
- B) "Legal interventionism"
 - 1) Situation:
 - a) The neoliberals had to invent a new capitalism
 - b) Laws cannot interfere w/ market mechanisms
 - c) Rather, laws have to make sure that market mechanisms are the only game in town
 - i) Principle of economic regulation
 - ii) And thus principle of social regulation
 - 2) Solution: application to the economy of the "rule of law"
 - a) Early 19th C German conception of *Rechtsstaat* is opposed to
 - i) Despotism as subordination to will of sovereign
 - ii) "Administrative continuum" of police state (no difference btw law and regulation)
 - b) Rule of law is instead
 - i) Public authority must take the form of law (not will of sovereign)
 - ii) Laws as acts of sovereign must differ from particular decisions of public officers
 - c) So, w/ rule of law any citizen must have real judicial recourse against public authorities
 - 3) So the neoliberals want to make sure any economic legislation is formal / universal
 - a) Proximate targets:
 - i) Hitlerian intervention
 - ii) New Deal / English post-war planning
 - b) Hayek's formula: rule of law is opposite of planning
 - i) Plans
 - (a) Aim at a particular goal (e.g., full employment, income transfer)
 - (b) Can be corrected / modified
 - (c) Public authorities make decisions
 - (d) Public authorities can become economic agents (public works spending)
 - (e) Presuppose that public authorities are subjects of economic knowledge
 - ii) Rule of law
 - (a) Completely formal w/o any aims or goals
 - (b) Must be a priori w/o any chance of being changes
 - (c) Must be a framework w/in which private individuals make decisions
 - (d) Must bind the state as much as private individuals
 - (e) Rules out possibility of a subject of economic knowledge
 - 4) "Law and order"
 - a) Thus the economy must be a "game" for both state and individuals
 - b) Rule of law is only the framework, the rules of the game
 - c) That allows "economic order" to emerge as both effect and principle of its own regulation
- C) Growth of "judicial demand": "surfaces of friction" increase among multiple economic actors

- IV) Conclusion: comparison of neoliberals with Schumpeter
 - A) Schumpeter agrees w/ neoliberals that there is no internal contradictory logic of capital
 - B) Differences btw Schumpeter and neoliberals
 - 1) Schumpeter's "pessimism"
 - a) Historical / concrete capitalism always has monopoly tendencies
 - i) Not due to economic logic of competition
 - ii) But due to social consequences of competition
 - (a) Tendency to centralization
 - (b) Tendency to become connected to administrative / state decision-making
 - b) These social consequences lead to a transition to socialism brought about by capitalism
 - i) Again, not due to an economic irrationality
 - ii) But due to social consequences of competitive markets
 - c) The political price of this transition to socialism is high, but not impossible to pay; IOW, we can avoid totalitarian socialism
 - 2) Ordoliberal reply
 - a) The political price is unacceptable
 - i) No way to avoid complete loss of freedom once you accept planning
 - ii) Because planning always involves errors which call for more control
 - b) We can avoid this by intervening to prevent the centralizing tendencies Schumpeter notes
 - i) Precisely because we can intervene at the social level
 - ii) And not touch the economic level (which Schumpeter agrees is not the problem)
 - c) That is, we can avoid Schumpeter's problem by "law and order" (see above)

Lecture 8: 7 March 1979

- I) Introduction
 - A) Methodological reflection on "micropowers" qua governmentality as conduct of conduct
 - 1) Target:
 - a) F first developed analysis of micropowers in looking at treatment of mad, prisoners, etc.
 - b) Now he uses it to analyze economic policy as management of whole social body
 - 2) Conclusion: analysis of micropowers
 - a) Not a question of scale or of a specific target
 - b) But the adoption of a "point of view"
 - B) "Critical morality" and "state phobia"
 - 1) Two common and interlocking themes
 - a) State possesses a power of expansion that always threatens civil society
 - b) Kinship btw different forms of the state
 - i) Administrative state
 - ii) Welfare state
 - iii) Bureaucratic state
 - iv) Fascist state
 - v) Totalitarian state
 - 2) F's criticism of these themes as "inflationary"
 - a) Encourages the acceleration of interchangeability of analyses
 - i) E.g., we can move from analysis of social security to analysis of concentration camps
 - ii) Thus the requirement for a "specificity of analysis" is diluted
 - b) Allows a "general disqualification by the worst" (= slippery slope)
 - i) E.g., denouncing "slide to fascism" in severe punishment of vandals (cf. Guliani's "zero tolerance" campaign)

- ii) This hides the need to analyze our own practices on their own terms
 - c) "Elision of actuality" in denouncing fantasy of "paranoiac and devouring state"
 - d) Does not carry out self-analysis / self-criticism
 - i) Doesn't look for real source of state phobia
 - ii) I.e., doesn't see historical situation of 1930-45 neo-liberals, who were fighting
 - (a) Keynesian interventionism / critiques of liberalism
 - (b) New Deal (US) / Popular Front (France) state control systems
 - (c) Nazi economics and politics
 - (d) Soviet Union
- 3) F's demonstration that current (leftist) state phobia has echoes / roots in neo-liberal thought
 - a) Röpke: 1943: Beveridge Plan (Britain) = destruction of middle class by state
 - b) Hayek: 1943: Beveridge Plan puts us on path to Nazism
- C) F's alternate viewpoint
 - 1) Welfare state ≠ / doesn't have same origin as Nazi, fascist, Stalinist state
 - 2) Totalitarian state is in fact a withering away of state in favor of the party
 - a) It is not the police state pushed to its limit
 - b) In fact it is a non-state governmentality, a governmentality of the party
 - 3) Twentieth century state is reduction of state / *raison d'Etat*
 - a) Growth of party governmentalities
 - b) Liberal governmentality
 - 4) Conclusion: contemporary (1979) analyses based on state phobia
 - a) Are not new but old-fashioned neo-liberal ideas
 - b) Are mistaken if they attribute a fascist growth tendency to state
 - i) Fascism (as party governmentality) is exogenous to state
 - ii) Fascism is reduction of state, not its growth
- II) To study diffusion of German neoliberalism in France, we must first distinguish it from US
 - A) France as site of "diffusion" of German model
 - 1) France has a strong state-centered, interventionist, administrative governmentality
 - 2) Occurs in midst of economic crisis
 - 3) Agents of implementing the German model are state administrators in midst of a crisis
 - B) US
 - 1) Has own neoliberal tradition, though w/ complex interrelation w/ Germans (via Hayek)
 - 2) Political aspect of US economic aspect (questioning of New Deal)
 - 3) Agents are not government administrators, but political opposition movement
- III) Focusing on France: Giscard's policies
 - A) Economic Context
 - 1) Shift in policy objectives
 - a) From Keynesian full employment, etc
 - b) To neoliberal price stability (anti-inflationary / monetarism)
 - 2) Diagnosis of the crisis
 - a) Not Keynesian underconsumption
 - b) But as problem w/ investment choices
 - 3) Oil crisis
 - a) Not the formation of OPEC as cartel of sellers / producers
 - b) But decline in market / geopolitical power of cartel of buyers / consumers
 - 4) Liberal solution was integration of French economy in European / world economy
 - a) Just another swing in French history btw *dirigiste* and liberal orientation?
 - b) No, it's really the question of a different regime, neo-liberalism
 - B) Social policy
 - 1) Historical remarks
 - a) Two problems

- i) Full employment as economic / social priority
 - ii) Avoiding devaluation (inflation) due to economic growth
 - b) Model was "war" as national solidarity leading to "social security coverage of risks"
- 2) Solution: collective consumption / permanent redistribution of income ("welfare state")

JP: there's a big political affect question here about collective vs individual risk. Ewald has good stuff on 19th century insurance. Cf Melinda Cooper discussion in *Life as Surplus* on new catastrophic risk model (Ulrich Beck): calculable vs incalculable damages (e.g. ecological / nuclear catastrophes require pre-emption rather than recompensation.) See also Randy Martin, *Financialization of Daily Life* of the "somaticization of risk" as when personal finance types tell you to take on only the amount of risk that allows you to sleep at night!

- 3) Three answers as to the economic effects of social security / welfare state
 - a) We like the results / we need to counteract the market the liberals have set up
 - b) There have been no effects on the economy
 - c) There are bad effects on the economy
 - i) Raise in cost of labor
 - ii) Net redistribution to the wealthy (due to cap on taxable income)
 - 4) Giscard's response (accepting third analysis)
 - a) We should have two separate systems: economic tax and a social tax
 - b) We can do this if we conceive economy as a game and state as setting rules of game
 - i) State can supply a safety net as a sort of "inverted social contract"
 - (a) In social contract
 - 1. You must will participation
 - 2. And if you will it, you're part of contract until you cut yourself out
 - (b) In economic game
 - 1. You don't will participation
 - 2. State ensures that you're never excluded from this non-willed game
- C) The idea of the "negative tax"
- 1) Basic idea:
 - a) Social benefits should never be collective consumption (health care / income, etc)
 - b) So we will guarantee a minimum income if you fall below a threshold
 - i) Solves problem of wealthy benefitting most from (e.g.) national health care
 - ii) Assistance threshold has to be calculated so as not to remove "incentive" to work
 - 2) Characteristics
 - a) Aims only at effects of poverty (removal from game) not causes of poverty
 - i) This can be phrased in terms of "basic needs"
 - ii) So we can be done with the whole distinction btw "worthy" and "unworthy" poor
 - b) Will not involve a redistribution of income
 - i) Doesn't aim at relative poverty (doesn't seek to close gap btw richest / poorest)
 - ii) But only aims at "absolute" poverty
 - (a) Of course this is relative to each society
 - (b) Accepts the existence of poor people (instead of aiming at their elevation)
 - c) Above absolute poverty threshold requiring assistance
 - i) Everyone is an enterpriser
 - ii) "Floating population" around the threshold subject to precarious labor conditions
- D) Summary
- 1) Renunciation of Keynesian goal of full employment
 - 2) Neoliberal aim is now integration of all of society in a market economy
 - 3) New "reserve army of unemployed" / downward pressure on wages [NB: not F's terms]
 - a) Precarious / "floating" population around threshold

- b) Not same as 19th C production of proletarians via destruction of peasantry
- c) Now system works via subjectivity, not brute force / coercion by fear of starvation
 - i) You don't have to work in order to survive; you only work if it's in your interest
 - ii) This is a liberal system
 - (a) ≠ Bureaucratic system (social workers establishing causes of poverty)
 - (b) ≠ Disciplinary system (prisons / poor houses / work houses)
- 4) Radicalization of German ordoliberal thought

Lecture 9: 14 March 1979

- I) Context for American neo-liberalism
 - A) Shared with German neo-liberalism
 - 1) Opposition to New Deal / Keynesianism
 - 2) Post-war socialization / interventionism
 - a) "Social pacts" w/ working class rather than international pacts with allies
 - b) Fighting in war traded for social security (in broad sense: full employment, etc)
 - 3) Social programs up through Johnson's Great Society
 - B) Unique features of American neoliberalism
 - 1) American liberalism was foundational from beginning of nation, back in 18th C
 - 2) Liberalism has been heart of political debate in US for 2 centuries
 - 3) Thus Keynesianism can appear as extraneous and threatening
 - a) Appearing as "socialist" to the right
 - b) And appearing as "imperialist and military state" to the left
 - C) Thus American liberalism is not just a new theory, but a whole historical way of life
 - 1) It's a relation btw governors and governed rather than a technique of governors
 - 2) Thus liberalism appears as / exists as working out of problem of freedom
 - a) Ambiguous, global claim for both right and left
 - b) Utopian focus constantly revived (e.g., Hayek [later Nozick])
 - c) Method of thought / grid of economic-sociological analysis
- II) Theory of human capital as extension of economic analysis into previously unexplored [but still economic] domain [labor]
 - A) Abstract labor
 - 1) Classical political economy didn't really explore labor [vs land and capital]
 - a) Smith and Ricardo just reduce labor to time (= "neutralization" of nature of labor)
 - b) Thus in Keynes labor is a passive factor awaiting activation via adequate investment
 - c) And although the neoliberals never argue with Marx
 - i) Because of "economic snobbery" ("minor post-Ricardian" etc.)
 - ii) If they did, they'd see the same neutralization of labor
 - (a) Abstract labor = labor power measured in time
 - (b) Logic of capital is what reduces concrete labor to abstract labor to labor power
 - 2) Neo-liberals claim abstraction of labor
 - a) Is not due to "real capitalism"
 - i) But only to economic theory of classical economics

- ii) In other words, there has never been a truly economic analysis of concrete labor
 - b) Thus a whole [Marxist] "anthropology" and "politics" of labor fills the void of what a truly economic analysis of concrete labor would have been
 - B) So neoliberalism = "essential epistemological transformation" changing domain of economics
 - 1) Classical economics analyzes mechanisms of production / exchange / consumption
 - 2) Neoliberals analyze "substitutable choices" (= scarce means w/ mutually exclusive ends)
 - a) It's thus not analyzing relations btw things or processes
 - b) But analyzing rational structure of a form of individual human behavior
 - 3) So what is neoliberal / "scientific economic" analysis of labor?
 - a) It's not seeing it as a factor of production in relation to capital
 - b) But it's asking how worker uses the means available to him
 - i) What is work as an economic activity, i.e., as a rational choice of means / ends
 - ii) That is, how do we take the perspective of worker as an active economic subject?
 - C) Kernel of theory of human capital
 - 1) If wage = income, and income = return on capital, what then is worker's capital?
 - 2) It's the set of physical and psychological factors of the worker
 - a) Worker now IS a machine for generating income
 - b) Worker's capital is inseparable from his person, so it's not like other machines
 - i) Opposed to labor power as commodity sold on market to enterprise capital
 - ii) Worker is now his own enterprise
 - D) A new form of *homo economicus*
 - 1) Difference btw classical and neoliberal conceptions
 - a) Classical liberals: *homo economicus* = man of exchange / needs-based utility
 - b) Neoliberals: *homo economicus* = self-entrepreneur [= self-capitalized machine]
 - 2) Consequences: universal production [no more exchange / commodities] (cf. *Anti-Oedipus*)
 - a) No more labor
 - i) You don't exchange [commodified] labor power for wage
 - ii) You produce a return on your capital
 - b) No more consumption
 - i) You don't consume commodities (gotten via exchange for wage)
 - ii) You produce satisfaction
- III) Theory of human capital as enabling possibility of economic analysis of what was previously thought to be non-economic [family time, genetics, education, etc]: imperialism of Economics
- A) Innate elements [there are a lot of complex issues here; I'm just going to present what F says]
 - 1) Genetic analysis showing disease risk creates possibility that good genes are scarce resource
 - 2) And once we have scarcity, we can do an economic analysis of rational choices
 - a) Cost / benefit analysis of genetic screening
 - b) Qualifications on reproduction market (advertising your good genetic capital, etc.)
 - 3) So rather than / alongside traditional racism, we have economic / human capital analysis of
 - a) Selective abortion
 - b) Eugenics
 - B) Acquired elements
 - 1) Forms of these acquired elements of human capital
 - a) Educational investments

- i) Broader than just schooling
 - ii) Thus also parental time investment (building qualitatively on *their* human capital)
 - b) Medical care
 - c) Mobility: cost / benefit analysis: migrants as investors looking to future returns
- 2) Consequences
 - a) Obvious political consequences F doesn't name, but we can
 - i) Privatization of public institutions in name of free choice
 - (a) School vouchers
 - (b) Health care, etc.
 - ii) Eliminating social analysis of bad outcomes (IOW, "blaming the victim")
 - (a) Poor individual choices regarding specialization
 - (b) Poor impulse control regarding current consumption vs investment for future
 - (c) Generalizable as "culture of poverty"
 - b) But F's real interest lies in analysis of innovation
 - i) Marx and others note the tendency of rate of profit to decline
 - ii) Schumpeter notes how this is continuously corrected
 - (a) Rosa Luxembourgh provides imperialism analysis here
 - (b) Schumpeter notes role of innovation
 - iii) Neoliberals respond
 - (a) We can't trust "innovation" as some ethical-econo-psychological characteristic
 - (b) We have to see it as return on investments in human capital
 1. Analysis of post-war American / European / Japanese economies
 2. Analysis of Third World economies
 3. Analysis of European economic takeoff of 16th / 17th centuries

Lecture 10: 21 March 1979

- I) German ordoliberalism and the ambiguous relation of society and economy
 - A) "Social policy": seemingly to protect fragile competitive market from society
 - 1) Objectives
 - a) Avoiding centralization
 - b) Encouraging medium-sized enterprises
 - c) Support for craft enterprises, small business, etc
 - d) Increase access to property ownership
 - e) Individual insurance
 - f) Environmental regulation
 - 2) "Economic-ethical ambiguity" of notion of "enterprise"
 - a) Generalizing enterprise form throughout social fabric
 - i) Thus individuals are not tied to one big firm ("company town" as extreme)
 - ii) But lives in a "framework of a multiplicity of diverse enterprises"
 - (a) Thus individual actions can be felt in those small firms
 - (b) And individual is no longer dependent on any one firm
 - iii) Thus the individual becomes himself a "permanent and multiple enterprise"

- b) But all this is done in order to compensate for "cold" / mechanical competition
 - i) Extending economic model supports "warm" cultural values
 - ii) = *Vitalpolitik* or "life policy" (vs cold, mechanical competition)
 - B) Conclusion: ordoliberal ambiguity = social policy for *and* against market
 - 1) Protect market from state intervention done to respond to social pressures
 - 2) Protect society from fragmentation via cold mechanism of competition
- II) American neoliberalism is much more radical
- A) Generalized economic analysis as grid of intelligibility of [traditionally non-economic] social relations / individual behavior
 - 1) Human capital and mother / child relations
 - 2) Birth rate as related to investment in human capital
 - a) Compare neo-Darwinist discussion of different species "reproductive strategies"
 - b) E.g., low investment / high birth rate vs high investment / low birth rate
 - 3) Marriage as savings on transaction costs of individualized actions
 - B) Economic analysis as test of government action
 - 1) American Enterprise Institute and cost-benefit analysis of public action
 - 2) Analogy with positivist critique of ordinary language [bit of a *tour de force* here]
 - 3) Contrast with classical liberal laissez-faire
 - a) Classical liberals: market should be isolated from government interference [via rights]
 - b) Neoliberals: market should constantly judge government
 - 4) IOW, protect market from government AND refuse to protect government from market
- III) Becker et al's analysis of criminality as example of these two analyses
- A) Looks at first like a simple return to 18th reformers who also did cost / benefit analyses
 - 1) 18th century reformers did a utility calculation and offered a legalistic solution
 - a) Law reduced transaction costs and so was cheapest way of punishing people
 - b) So we had overlap of *homo penalis* (exposed to legal punishment) and *homo economicus*
 - 2) 19th century notices a paradoxical effect
 - a) Law only sanctions acts or crimes but it's the criminal who must be punished
 - b) Thus human science creation of *homo criminalis* and drift away from *homo penalis*
 - 3) And so we have an "anthropology of crime" replacing mechanics of law
 - B) Neoliberal analysis: stick to *homo economicus* as subject of crime
 - 1) Hypothetical neoliberal analysis of 18th C reformers: don't assume utility calculus can be done w/in a legal framework
 - 2) Neoliberal analysis of crime
 - a) Definition: crime = action that make individual run risk of penalty
 - i) This is close to French penal code (objectively defined in terms of act)
 - ii) But neoliberals adopt subjective perspective: what is rationality structure of choices?
 - b) This subjective perspective
 - i) Not psychology / anthropology
 - ii) Just grid of intelligibility of individual qua *homo economicus*
 - 3) What does this mean about *homo economicus* as subject / object of economic analysis?
 - a) Doesn't mean we consider whole subject as nothing but *homo economicus*
 - b) But it means we can analyze rationality structure of any human action
 - c) And thus individual becomes "governmentalizable" via economic analysis

- C) Consequences of neoliberal analysis
 - 1) Regarding crime
 - a) No qualitative difference in crimes (parking infraction vs murder)
 - b) No interrogation of criminal for moral / anthropological traits
 - c) Criminal is just an investor / entrepreneur accepting risk in expectation of profit
 - d) So the system doesn't deal with criminals, but acts on supply of crime
 - 2) Regarding punishment
 - a) = means employed to limit negative externalities of certain acts
 - b) 18th C tried to connect
 - i) Civil reparation
 - ii) Individual correction
 - iii) Prevention
 - c) Neoliberals: two-fold aspect of law
 - i) Prohibition with a certain cost of uttering it
 - ii) Enforcement as providing "negative demand" to supply of crime
 - (a) Quantity of punishment
 - (b) Apparatus for detecting crimes
 - (c) Judicial apparatus for convicting criminals
 - (d) Speed and severity of judgment
 - (e) Effectiveness of penalty
 - (f) Modifiability of penalty
- D) Analysis of "law enforcement"
 - 1) Supply of crime is not indefinitely or uniformly elastic
 - a) Shoplifting
 - i) Easy to get some reduction
 - ii) Very hard to get reductions past a certain point
 - b) Crimes of passion
 - i) Some would disappear w/ easier divorce
 - ii) Others wouldn't be affected by divorce
 - 2) Enforcement itself has costs and negative externalities
 - a) Cost: law enforcement investment means less for other options
 - i) 18th C aimed at total disappearance of crime
 - ii) Neoliberals just want efficient intervention in crime market
 - (a) Society is "consumer" (= producer) of conforming behavior
 - (b) So we just want to balance supply and negative demand curves of crime
 - b) Negative externalities:
 - i) Neoliberals do not want / need elimination of crime
 - ii) So they do not want / need exhaustive disciplinary / Panoptical society
- E) Concrete example of drug market
 - 1) Previous policy was to reduce drug supply
 - a) Increased price of drug
 - b) Favored monopoly / oligopoly effects of big dealers
 - c) Pushes addicts to crime bcs of inelastic demand for some drugs
 - 2) Neoliberal solution: Free up supply of drugs

- a) Analysis
 - i) Categories of buyers
 - (a) Beginners with elastic demands
 - (b) Addicts with inelastic demands
 - ii) Attitude of pushers
 - (a) Low prices for beginners
 - (b) High prices for addicts
 - b) Policy
 - i) Price manipulations
 - (a) Make new consumer price as high as possible to discourage consumption
 - (b) Make addict price as low as possible to limit crime to pay for drugs
 - ii) Targets: new customers, small dealers, small trade
- F) Conclusion:
- 1) Anthropological erasure of criminal
 - a) No analysis of the "born criminal," the "pervert," etc.
 - b) Every criminal is "responsive" to possible gains / losses [cf. "rational psychopath"]
 - 2) Type of society
 - a) Not a disciplinary / normalizing society
 - b) But a differential society
 - i) Fluctuating practices
 - ii) Minority individuals and practices are tolerated
 - iii) Action on rules of game rather than on players
 - iv) Environmental intervention rather than internal subjugation of individuals

Lecture 11: 28 March 1979

- I) Recap of last week: extension of object of economic analysis
 - A) From neoclassical: any form of allocating scarce resources to alternative ends
 - B) To neoliberal universality:
 - 1) From any employment of limited means to one end among others
 - 2) To any strategic choice / rational conduct whatsoever
 - 3) Or even, with Becker, to any action that "accepts reality"
 - a) That is any system that responds to environment in systematic way
 - b) Thus econ = study of systematic nature of response to environment
 - i) Integration with behaviorism and stimulus-response study
 - ii) F mentions Castel's *Psychiatric Society*
- II) Relation of government and *homo economicus*
 - A) Background suggests *homo economicus* as resistant to 18-19th C government
 - 1) For classical liberals, *homo economicus*
 - a) Pursues own interests which converge spontaneously w/ interests of others
 - b) Thus he must be left alone in order for the convergence of interests to work
 - 2) For neoliberals, *homo economicus*
 - a) As responsive to environment

- b) Is eminently manageable / governable
 - B) But F wants to show that *homo economicus* was correlate of liberal governmentality from start
 - 1) Theory of subject in English empiricism
 - a) Not defined by
 - i) Freedom
 - ii) Opposition of soul and body
 - iii) As source of sinful desire
 - b) But as subject of individual choices which are irreducible and non-transferable
 - i) Irreducible: there is an end point to analysis in preference for non-painful
 - ii) Non-transferable: choice made on basis of MY preference
 - c) That is, as subject of interest: immediate and absolutely subjective will
 - 2) Can this subject of interest be same as subject of juridical will?
 - a) They may not be able to be assimilated, but they can be reconciled
 - i) Social contract does this: interest is the empirical source of the contract
 - ii) So the legal subject is a "purified" (i.e., rational / calculating) subject of interest
 - b) Hume responds that this is confused
 - i) Subject of interest is irreducible to subject of right
 - (a) You enter the contract out of interest and you stay in contract out of interest
 - (b) Subject of interest is "permanent condition" of functioning of subject of right
 - ii) Logic of subject of right and subject of interests is different
 - (a) Subject of right
 - 1. Has natural rights; acquires positive rights on basis of renouncing rights
 - 2. He is thus a "split subject"
 - (b) Subject of interest is never split; never relinquishes his interest
 - 1. In fact only on this basis is there social benefit
 - 2. A "multiplying and beneficial value through intensification of interest"
 - 3) Thus the economic subject and subject of right have different relation to political power
 - a) So homo economicus appears in liberal governmentality
 - i) Via economic thought which delimits zone free from political interference
 - ii) That is, homo economicus is constituted by political economy critique of govt reason
 - b) Not in liberal political thought (social contract theory)
- III) Theory of the invisible hand as principle of political economy critique of governmental reason
 - A) Background
 - 1) Condorcet: take an individual interest embedded in society
 - a) This interest is dependent on an infinite number of things
 - b) Nevertheless, each individual effort serves good of all
 - 2) Homo economicus is thus embedded in "indefinite field of immanence"
 - a) Doubly involuntary: accidents befalling him and benefits he provides to others
 - b) Doubly indefinite:
 - i) Accidents come from non-totalizable field
 - ii) And benefits are also non-totalizable
 - 3) Thus positive nature of economic calculation depends on what eludes calculation
 - B) This structure of dependent / blind calculation is the meaning of the "invisible hand"
 - 1) Usual reading

- a) This is just smuggled in providential God
- b) Who occupies point of economic totalization / transparency / knowledge
- 2) F's reading of Smith: for invisible hand to bring about social good
 - a) Each actor MUST be blind to totality and so must ONLY pursue individual interest
 - b) And ALL political actors must be blind; sovereign cannot pretend to know
 - i) Government cannot obstruct individual interest
 - ii) Government cannot totalize knowledge of economy
- 3) Thus economic rationality is founded on unknowability of totality of economy
 - a) There must be a "multiplicity of points of view"
 - i) They are irreducible to each other
 - ii) Which assures their convergence
 - b) The multiplicity cannot be totalized: "economics is an atheistic discipline"
- C) Thus economic rationality of liberalism "steals" essentials of that which sovereign rules over
 - 1) In other words, liberalism is founded on an "essential incompatibility"
 - a) Non-totalizable multiplicity of economic subjects of interest
 - b) Totalizing unity of juridical sovereign [who rules equally over all subjects of right]
 - 2) And therefore an "economic-juridical science" is impossible
 - 3) So here we have the possibility of political economy as critique of governmental reason
 - a) Critique here in the Kantian sense: "limits and condition of possibility" of X
 - b) Political economics says: no economic sovereign bcs of its ignorance of totality
 - c) We can thus analyze the debates over government planning / socialism in this light
- IV) Conclusion: on a more restricted scale, we see political economy critique of police state
 - A) Obviously, contra the mercantilist / administrative state which posits an economic sovereign
 - B) But more interestingly contra the physiocrats, who agree that sovereign must not intervene
 - 1) But country is sovereign's property, so he has right to taxation
 - 2) The Economic Table allows sovereign to have exact knowledge of economy
 - a) So the freedom of economic agents is justified
 - b) By the total economic knowledge of the sovereign
 - 3) Sovereign explains to economic agents / shares his knowledge
 - C) So it's physiocracy that Adam Smith opposes
 - 1) There can be no total economic knowledge possessed by sovereign
 - 2) Thus [classical liberal] political economy can establish economy as limit of government
 - 3) And so civil society and not economy will be object of liberal governmentality

Lecture 12: 4 April 1979

- I) Intro: discussion of homo economicus (H E)
 - A) Characteristics
 - 1) Non-substitutable and irreducible atom of interest
 - 2) Cannot be equated with or reduced to subject of right
 - 3) Does not have same dialectic as subject of right
 - a) Subject of right enters contract w/ other subjects by renouncing / transferring some rights
 - b) H E is part of economic domain by "dialectic of spontaneous multiplication"

- B) Results for relation of H E to political (sovereign) power
 - 1) Subject of right limits sovereign power
 - 2) H E strips sovereign of power by revealing inability to master economic field
 - a) In Middle Ages through 17th C, God's intentions were inscrutable
 - b) Now it's the economic realm that is "impenetrable" to sovereign knowledge
 - C) Two solutions to this stripping of sovereign power over economy
 - 1) The solutions:
 - a) The "geographic" solution:
 - i) Market is free space where sovereign cannot enter
 - ii) Same raison d'Etat, just with one zone subtracted
 - b) Physiocratic solution: sovereign will exercise a different kind of power over market
 - i) He will recognize its reality, the way a geometer recognizes geometrical reality
 - ii) From political activity to theoretical passivity
 - 2) These two solutions: only a "theoretical and programmatic virtuality" never applied in history
 - a) Art of government must be exercised in space of sovereignty
 - b) But this space is occupied by economic subjects, not juridical subjects
 - c) So how can sovereign avoid being reduced to leaving them alone or being only a geometer?
 - i) Juridical theory cannot help here
 - ii) New object / new plane of reference needed to constitute new correlate of art of govt
 - (a) New ensemble enveloping both subject of right and economic actor
 - (b) As aspects that can be integrated by virtue of belonging to a complex whole
 - D) Civil society as new object of governing in order to maintain unity / activity of governing
 - 1) Need for new object for government faced with economic reality
 - a) To avoid split into juridical action and economic passivity
 - b) Or to avoid being reduced to observing "geometer"
 - 2) The art of government requires a new object: civil society
- II) Civil society as correlate of technology of government:
- A) Preliminary discussion
 - 1) Definition
 - a) It's the juridical structure of government pegged to economic structure
 - b) H E = abstract / ideal / purely economic point inhabiting complex reality of civil society
 - 2) Ontological status
 - a) NOT a historical-natural given that is foundation of and source of opposition to state
 - b) IOW, civil society is a "transactional reality" like madness or sexuality
 - i) Have not always existed
 - ii) Are born from interplay of relations of power and everything which eludes them
 - B) To illustrate this historical genesis, F discusses change in nature of civil society in 18th C
 - 1) Preliminary discussion
 - a) In Locke, civil society = society w/ a juridical-political structure
 - b) With entry on scene of political economy, civil society changes
 - 2) Ferguson's text: *Essay on the History of Civil Society*: civil society has 4 aspects
 - a) As an historical-natural constant
 - i) Human nature is historical, because human nature is social
 - ii) Social bonds are spontaneous and inevitable

- iii) So we can find state of nature in civilization as well as in "primitives"
 - iv) But this also means we never find "pure" / "simple" state of nature
 - b) As assuring spontaneous synthesis of individuals via economic bond that threatens it
 - i) Not a mechanism for exchange of rights
 - ii) But a mechanism of "immediate multiplication"
 - (a) Distinct interplay of non-egoist, disinterested interests wider than egoism
 - (b) Non-local bonds among economic subjects
 - 1. No localization in global market
 - 2. But bonds of sympathy are local
 - iii) So civil society is formed of ensembles / communities (not all of humanity)
 - iv) Ambiguous position of economic bonds
 - (a) Civil society is formal medium of non-local economic bonds
 - (b) But economic bond = "principle of dissociation" vs. local sentimental bonds
 - c) As permanent matrix of political power
 - i) Civil society plays role of a spontaneous social contract
 - ii) Thus no need to surrender rights, since there is a spontaneous formation of power
 - (a) De facto bond linking concrete individuals
 - (b) Whose differences are expressed in division of labor in decision-making process
 - (c) IOW, some spontaneously "assume" power by virtue of their "talents"
 - (d) So power exists before it is legitimated
 - d) As "motor of history"
 - i) Opposing principles
 - (a) Spontaneous synthesis / subordination provides hypothesis of stable equilibrium
 - (b) But also dissociation and hence disequilibrium
 - 1. Via egoism of power
 - 2. Via egoism of economic action of H E
 - ii) It's the latter that produces movement of history
 - (a) Example
 - 1. Savagery =
 - a. Society w/o property
 - b. Only beginnings of subordination
 - 2. Barbarism = new economic-political institutions
 - a. Not yet governed by laws
 - b. But by personal relations (patron – client; master – servant; etc.)
 - (b) Discussion
 - 1. Global synchronic [emergent] results from individual blind action
 - 2. Also diachronic emergence as historical progress via blind egoistic interest
- 3) Conclusion: three elements of civil society as markers of "new system of political thought"
 - a) Domain of non-judicial social relations
 - b) Articulation of history and the social bond
 - i) Non-degenerative history
 - ii) But constantly renewed / innovative history
 - (a) New social fabric / relations
 - (b) New economic structures

- (c) New types of government
 - c) Internal and complex relation of social bond and government
 - i) Government as organic component of social bond
 - ii) Social bond as organic feature of form of authority
- III) Conclusion as opening a series of problems
 - A) Civil society enables us to avoid theoretical / juridical problem of original constitution of society
 - 1) Posing the problem of relation of society and state
 - a) Old problem:
 - i) How to find juridical form at origin of society
 - ii) In order to delimit power in advance
 - b) New problem:
 - i) We have an existing society w/ subordination
 - ii) How to regulate power in such a society?
 - 2) Possible solutions
 - a) State as a dimension of civil society
 - b) State as a historical stage in development of society
 - c) State as characteristic of a type of society
 - d) State as self-consciousness / ethical realization of civil society (Hegel)
 - B) Problem of civil society in concrete cases
 - 1) Germany: how can civil society support the state?
 - 2) England: the problem is in terms of government rather than state
 - a) Does civil society really need a government?
 - b) Thomas Paine [question of anarchism]
 - 3) France: what is status of Third Estate as vector of history?
 - C) Does civil society bring about a "redistribution" of governmental reason?
 - 1) Middle Ages: limit government power by appeal to
 - a) Wisdom of person who governs
 - b) = knowledge of human / divine order
 - c) A matter of truth
 - i) Religious texts
 - ii) Divine revelation
 - iii) Order of world
 - 2) 16th / 17th C: raison d'Etat:
 - a) Calculation of power on basis of force / wealth / relations etc.
 - b) No longer indexed to truth, but to rationality
 - i) Raison d'Etat as rationality of the sovereign himself
 - (a) Juridical problem: who is the sovereign?
 - (b) Factual problem: how to exercise this power on economic processes?
 - 1. Sovereign power is unitary and totalizing ("bird's-eye view")
 - 2. But economic processes are a non-totalizable multiplicity
 - c) Liberalism: how to model government on rationality of subjects of interest?
 - i) Inversion: no longer government based on rationality of the governor / sovereign
 - ii) But now rationality of governed is regulating principle of rationality of government
 - D) F's constant warning: notice the entanglements of history!

- 1) The three forms of government rationality (truth / sovereignty / liberalism) are not successive
- 2) But entangled / coexisting
 - a) National / statist politics still abides by rationality of governing sovereign
 - b) Marxism still abides by rationality of a truth revealing itself in history
 - c) Liberalism abides by rationality of economic agents / the governed
- 3) And thus these three forms constitute object of political debate / struggle for last 2 centuries