

**The Market and the People:
On the Incompatibility of
Neoliberalism and Democracy**

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Through gentle digging one can uncover the old latent configurations, but when it comes to determining the system of discourse on the basis of which we still live, as soon as we are obliged to question the words that still resonate in our ears, that are mingled with those we are trying to speak, then archaeology, like Nietzschean philosophy, is forced to work with hammer blows.

—Michel Foucault, 'On the Ways of Writing History'

To Kate,
and to all of the friends who made this work possible

ABSTRACT

This dissertation intervenes in current debates surrounding the relationship between neoliberalism and democracy, developing a novel perspective on the history of neoliberalism. It argues that these debates have overlooked the epistemological framework that made possible the emergence of neoliberalism in the 1940s. On the basis of an analysis of this framework, it offers an understanding of how and why neoliberal political philosophy developed as an anti-democratic doctrine.

The first part of this dissertation, consisting of three chapters, engages with contemporary critiques of neoliberalism. The first and second chapters engage with Michel Foucault's account of what he calls neoliberal "governmentality" and with recent interpretations thereof. Special attention is paid to the methods of analysis used by both Foucault and those who adopt his account. It is argued that for a rigorous understanding of the relationship between neoliberalism and democracy, neoliberal governmentality must be subjected to what Foucault calls "archaeological" analysis. The third chapter explores the archaeological method as developed by Foucault in his early work and compiles a set of analytical tools used in the remainder of the dissertation. The first part is concluded with a "seam" that identifies a crucial oversight in Foucault's historical portrait of neoliberalism and that advocates a renewed engagement with the history of neoliberalism.

The three chapters that constitute the second part develop a novel account of neoliberalism's history based upon an archaeological study. The fourth and fifth chapters offer an archaeological account of the "marginal utility revolution" in political economy and of its effects on political, economic and philosophical thought. It is argued that marginalism caused certain shifts in political-economic thought that made possible the emergence of a novel philosophical conception of societal order in the 1930s, which went on to provide the foundations for neoliberal thought and politics. The sixth and final chapter offers a close reading of F.A. Hayek's political thought, arguing that Hayek pushes neoliberal thought to its limits and arrives at a political-philosophical programme that is explicitly aimed at restricting citizens from influencing the legal order. In the afterword to the dissertation, it is argued that if democracy is understood minimally as popular

control of legislation, neoliberal thought must be viewed as inherently anti-democratic because it actively seeks to insulate the legislature from control by the citizenry.

Keywords: Neoliberalism, Democracy, Michel Foucault, Archaeology, De-Democratisation, Wendy Brown, F.A. Hayek

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¹ Agamben, Giorgio, ‘The Friend’, in: *What is an Apparatus? And Other Essays*, transl. D. Kishik & S. Pedatella (Stanford, CA 2009 [2007]: Stanford University Press): 25-37, 25.

AUTHOR'S DECLARATION

I declare that the research contained in this thesis, unless otherwise formally indicated within the text, is the original work of the author. The thesis has not been previously submitted to this or any other university for a degree, and does not incorporate any material already submitted for a degree.

Lars S. Cornelissen

12th December 2017

INTRODUCTION

Seeking to comprehend the times we live in, theorists, pundits and commentators of all stripes have, in recent years, come increasingly to focus on neoliberalism. The attempt to think, and think about, neoliberalism has produced a large body of literature in which attempts to deny the very existence of neoliberalism coexist with essays that blame all of society's ills on neoliberals and their followers. The fact that it has attracted such a large amount of commentary indicates that neoliberalism, however it is understood or assessed, poses a profound problem for contemporary thought and politics.

Aiming to reach a better understanding of our neoliberal present and, specifically, of the place occupied therein by democratic politics, this dissertation offers an historical and philosophical analysis of neoliberalism.

The Argument

In this dissertation I offer a twofold argument. First, I argue that neoliberalism, understood as an historically specific form of governmentality, is underpinned by a singular mode of thinking about societal order; a mode of thinking that, in turn, was historically made possible by what is known as the "marginal utility revolution" in political economy. Second, I contend that one crucial implication of the neoliberal conception of societal order is that democratic politics, instead of appearing either as categorically good or as categorically bad, poses a profound *problem* for neoliberal thought; a problem that, when pushed to its limits, pitches the people against the market. In this confrontation, the latter must, in the eyes of neoliberal theorists, be victorious over the former.

Let me expand upon this. Following Michel Foucault's account of neoliberalism as set out in his 1979 lectures on *The Birth of Biopolitics*, I argue that the emergence of neoliberal governmentality in the first half of the 20th century inaugurates a new phase in the history of modern governmental rationality. What marks neoliberalism in its specificity, in Foucault's view, is that it reorients governmental rationality, turning it away from classical liberal technologies of *laissez-faire* and non-intervention and demanding, instead, an ever-vigilant, ever-

active form of governmental intervention. According to this account, neoliberalism submits the concept and practice of intervention to a fundamental transformation, requiring not intervention *in* economic or social processes but, rather, demanding that government act upon the *conditions* under which economic and social processes emerge in a “spontaneous” fashion.

Following Foucault, I argue that this last feature characterises neoliberalism in its specificity, setting it apart from all modes of governmentality that preceded it. However, I go on to argue that Foucault’s account of neoliberalism overlooks the fact that this feature is grounded in a specific understanding of societal order. Indeed, it is, I contend, because neoliberals conceptualise economic and social order as being historically conditioned that they are capable of proposing a governmental programme aimed primarily at the active construction of the necessary preconditions of a competitive market order. My thesis is that this feature was made possible by the marginal utility revolution in economic thought; an epistemological event that was instigated in the early 1870s by three authors, Stanley Jevons, Carl Menger and Léon Walras, each of whom developed, independently of each of the others, a critique of the labour theory of value from a subjectivist perspective. In the hands of Menger in particular, this critique precipitated a far-reaching shift in political-economic discourse; one that saw the subject-matter of political economy change from productive labour to *the conditions under which individual agents act economically*. This shift entailed three crucial implications for political economy: first, it made possible a different understanding of the role of *history* in economic activity; second, it assigned a central role, in economic analysis, to individual *knowledge*; and third, it made it possible for political economy to once again become a *practical* science whose central task is the prescription of what Menger calls governmental “technologies”.

This shift and its concomitant implications were, I argue, a historical condition of possibility for the emergence, in the 1930s and 40s, of a distinct mode of thought that, in effect, applies the basic features of Mengerian political economy not to individual economic activity but to societal order at large. This mode of thought understands societal order as historically conditioned and, crucially, entails a rearticulation of history, knowledge and politics. It is, I submit, this mode of thought that grounds neoliberalism, marking it out in its specificity and

distinguishing it from previous forms of governmentality, such as classical liberalism. In the hands of such neoliberal thinkers as F.A. Hayek and Walter Eucken, this understanding of society unfolds into a comprehensive political-economic philosophy; one that advocates the creation of the conditions necessary for socio-economic order to emerge spontaneously through the establishment of a legal framework.

I contend, finally, that for neoliberal political philosophy, as epitomised by the work of Hayek, the authoring of the legal framework that is necessary for the continued functioning of processes of spontaneous ordering cannot be entrusted to democratic mechanisms. Democratic citizens, in this view, are likely to attempt to use the parliamentary system to promote their own private interests, which in turn offers strong incentives for political parties and legislators to cater to pressure groups. This process is detrimental to the legal framework necessary for socio-economic order, which, if placed under democratic control, can no longer adequately facilitate competition. Thus, neoliberal philosophers conclude, a constitution ought to be adopted that makes it impossible for democratically elected representatives to exert legislative influence on this legal framework. Democratic forces must, in their account, be restricted to influencing *governmental* processes, and the people must relinquish their authority over the law in the name of the conservation of the market; they must, in short, relinquish their *sovereignty*.

‘Modern democracy’s normative presumption’, writes Wendy Brown, ‘is self-legislation attained through shared rule of the polity’; a presumption that, for her, ‘carries a simple and purely political claim that the people rule themselves, that the whole rather than a part or an Other is politically sovereign’.¹ If Brown is correct in identifying the modern democratic imaginary with the principle of equally shared control over legislation, then neoliberal philosophy’s aim to jettison from the democratic model the principle of sovereignty and its concomitant practices amounts to an attempt finally to abandon the democratic ideal. It is, I maintain, from this perspective that neoliberal thought may be understood as intrinsically *anti-democratic*.

¹ Brown, Wendy, “‘We Are All Democrats Now...’”, in: Agamben, Giorgio, Alain Badiou, Daniel Bensaïd, Wendy Brown, Jean-Luc Nancy, Jacques Rancière, Kristin Ross & Slavoj Žižek, *Democracy in What State?* (New York 2011 [2009]: Columbia University Press): 44-57, 52, 45.

It should be emphasised that my argument is emphatically not that neoliberalism is inimical to democracy *as such*. Indeed, I have deliberately eschewed from approaching neoliberal thought with a preconceived definition—either normative or analytical—of democracy in mind. Such an exercise, while politically important, would have troubled my attempt to offer a descriptive account of the place occupied by democracy in neoliberal thought, which demanded, in the first instance, that I approach neoliberalism on its own terms. Here I offer Brown’s conception of democracy not in order to construct a normative position from which neoliberalism may be condemned but to offer an analytical counterpoint to the neoliberal model, a foil against which the far-reaching political implications of the neoliberal position become visible. My claim, in short, is that neoliberalism is hostile to democracy conceived minimally as popular self-legislation.

This dissertation is, then, largely a study of the history and prehistory of neoliberal thought. By “prehistory” I do not mean to refer to a period that *chronologically* precedes the emergence of neoliberalism; rather, following Giorgio Agamben’s reading of Foucault, I have in mind a singular stratum of knowledge that historically conditioned neoliberalism’s emergence and that, as such, ‘remains immanent’ in the epistemological foundations of neoliberal thought because the latter continues to rely upon that knowledge.² Both Foucault and Agamben refer to the study of historical conditions of emergence as “archaeology”; a term I adopt for my own research, alongside, as I shall explain below, “genealogy”.

In the remainder of this introduction, I expand upon four aspects of the argument: first, I lay out the scholarly and political stakes of my research by recounting a recent political event and the effect it had upon my research; second, I introduce the methodological considerations that underpin my studies; third, I offer an overview of contemporary historiography of neoliberalism in order to demonstrate that an archaeological analysis of neoliberal thought is urgently needed; and fourth, I summarise the content of each of the following chapters.

² Agamben, Giorgio, *The Signature of All Things: On Method*, transl. L. D’Isanto & K. Attell (New York 2009 [2008]: Zone Books), 95.

The Stakes

On 27 April 2015, in the midst of stormy negotiations between the Greek Syriza government and the rest of the Eurogroup, Greek prime minister Alexis Tsipras made a bold claim on Greek national television: the conflict between Syriza and the Eurogroup, he asserted, is less about matters of financial policy or personal hostilities between certain European finance ministers than it is about the more fundamental issue of democratic legitimacy. In his words:

It would be very easy for me to sign in favour of all [the] recession commitments [...] [although] that would not be voted in favour [of] by the parliament. But it is not only a [parliamentary] matter, [because] this is not the mandate that we have received [from] the people. [...] The experience we have had so far during the negotiations with the creditors goes beyond likes and dislikes as regards myself or Varoufakis—it has to do with the [question] [...] whether Europe [accepts] democracy and the sovereignty of the people.³

Tsipras proceeded to promise to organise a national referendum on the reforms demanded by the Eurogroup. Less than a day later, Jeroen Dijsselbloem, then Dutch Finance Minister for the Labour Party and president of the Eurogroup, responded to Tsipras's interview on Dutch national television by saying that a referendum 'would cost money, it would create great political uncertainty, and I don't think we have the time. And I don't think the Greeks have time for it.'⁴

I recount these events because they had a profound and formative impact on my doctoral research. When, less than a year into my doctoral degree, these events

³ The interview with Tsipras (in Greek with English translation) is accessible online at: <http://en.enikos.gr/ekpompes/27996,Alexis-Tsipras-interview-with-English-translation.html> (accessed 26-05-2015).

⁴ See Maltezou, Renee & Deepa Babington, 'Tsipras presses for May debt deal, threatens referendum', Reuters.com 28 April 2015, accessible online at: <http://www.reuters.com/article/us-eurozone-greece/tsipras-presses-for-may-debt-deal-threatens-referendum-idUSKBN0NJOFT20150428> (accessed 26-05-2015). The interview with Dijsselbloem (in Dutch) is accessible online at: <http://www.rtlnieuws.nl/economie/home/dijsselbloem-kritisch-over-ns-en-griekenland> (accessed 26-05-2015).

unfolded, they impressed upon me, with unparalleled clarity, the political urgency of the topic I had chosen to investigate—that is, the relationship between neoliberalism and democracy. In their respective interviews, these two men articulated the two positions that up until then I had been trying to capture and understand in an abstract manner: on the one hand, the claim that the measures being forced upon Greece, which included severe economic cutbacks, policies aimed at liberalising the market and, most crucially, fundamental constitutional reforms, amounted to an assault on the principle of popular sovereignty; on the other, the view that economic expediency trumps democratic legitimacy. It struck me as immensely ironic—or, rather, poignant—that it was precisely the Greeks who were now being told that, owing to the magnitude of their nation’s debt, there was no time for democratic politics; a form of politics that, after all, was first invented—according to the Western tradition, in any case—by this very nation’s ancient ancestors only after Solon the statesman had unilaterally cancelled all Athenians’ debts and banned debt slavery.⁵

The dispute between Tsipras and Dijsselbloem appeared to me, in other words, as an event of enormous symbolic significance and as a singularly perspicuous instance of the collision between two different logics—one democratic, one neoliberal—that was the central focus of my research. Above all else, however, it reminded me of the central political stakes of my study. Indeed, the confrontation that was unfolding here, between the democratic call for popular sovereignty and the neoliberal retort made in the name of economic expediency, was only the latest in a long history of such confrontations; a history for which the Chilean *coup* of 1973 may serve as a paradigmatic—but in no way unique—example.⁶

This dispute made it plain, in other words, that I was in pursuit not of a merely hermeneutic or scholarly problem, but of a problem—or, rather, problematic—that weighs heavily upon the present moment. I was, in a word, involved in what Foucault, late in his life, saw as a singular kind of ‘critical thought which takes the

⁵ For the role played by Solon’s cancellation of debt in the founding of Athenian democracy and for a critical discussion of the received wisdom that Athens was the first democratic society, see Keane, John, *The Life and Death of Democracy* (London 2009: Simon & Schuster).

⁶ The history referred to here has been documented by, for instance, Harvey, David, *A Brief History of Neoliberalism* (Oxford 2005: Oxford University Press); Klein, Naomi, *The Shock Doctrine: The Rise of Disaster Capitalism* (London 2008 [2007]: Penguin).

form of an ontology of ourselves, of present reality'.⁷ For him, this mode of critique first emerges with Immanuel Kant's critical project and 'focuses on what this present is. First of all, among all the elements of the present, the question focuses on the definition of one particular element that is to be recognized, distinguished, and deciphered. What is it in the present that currently has meaning for philosophical reflection?'⁸ For me, in the present moment, the unequivocal answer to this latter question is *democracy*.

This, then, is the central problematic around which this dissertation revolves: what is the status—philosophical, political, cultural—of democracy in the present moment? What defines our political mode of being today, as subjects inevitably—if only partially, precariously and differentially—constituted in relation to democratic practices, discourses and imaginaries? How has neoliberalism, conceived as an historically specific form of governmentality, constituted our subjectivity as well as our democratic practices? More generally, what are the historical conditions that were constitutive of our present condition and that continue to underpin it? What are the limits of our present condition, and how do they mark the threshold of modes of being not yet discernable? Where can the fault lines be identified that traverse our present condition, allowing for political and ethical experiments in constituting ourselves differently? In short: where have the intersecting histories of neoliberalism on the one hand and democracy on the other left us as historical beings?

In approaching this problematic, I pursue a mode of questioning that, following Foucault, I consider to be philosophical in nature. This does not mean, in the first instance, that the questions I ask or the objects I study are of an abstract nature, being primarily of analytical, of speculative or of normative value. Nor does it mean that I restrict my analysis to the writings of those people whom academic tradition has honoured with the epithet of "philosopher". Rather, I take my studies to be philosophical because they conform to a certain 'philosophical attitude', as Foucault calls it; 'an ethos, a philosophical life in which the critique of what we are is at one and the same time the historical analysis of the limits that are imposed on

⁷ Foucault, Michel, *The Government of Self and Others: Lectures at the Collège de France 1982-83*, ed. F. Gros, transl. G. Burchell (Basingstoke 2010 [2008]: Palgrave Macmillan), 21.

⁸ *Ibid.*, 12.

us and an experiment with the possibility of going beyond them'.⁹ In other words, the twofold objective of such a critique is, on the one hand, to reach an understanding of the present moment through historico-philosophical analysis and, on the other, to lay bare how, in the present moment, one may break free—in limited, heterogeneous and fragmented ways—from our historical mode of being.

The Method

For Foucault, the historico-philosophical critique of our present condition must follow a certain method; one that, late in his life, he referred to as “the history of problematisations”. Thus, in a 1981 interview with André Bertin, he described the overarching method behind his work in the following manner:

I will say that it's the history of *problematizations*, that is, the history of the way in which things become a problem. [...] So, it is not, in fact, the history of theories or the history of ideologies or even the history of mentalities that interests me, but the history of problems, moreover, if you like, it is the genealogy of problems that concerns me. Why a problem and why such a kind of problem, why a certain way of problematizing appears at a given point in time.¹⁰

This form of critique, Foucault goes on to explain, seeks to isolate the historical moment at which ‘an object appears, an object that appears as a problem’, thus becoming the possible focal point of a myriad of knowledge practices, of networks of power and of practices of subjectivation.¹¹

For Foucault, isolating such a moment requires a specific mode of enquiry; one that, as he writes in a 1984 essay, ‘is genealogical in its *design* and archaeological in its *method*’.¹² He goes on to say that it is

⁹ Foucault, Michel, ‘What is Enlightenment?’, in: *The Politics of Truth*, ed. S. Lothringer, transl. L. Hochroth & C. Porter (Los Angeles, CA 1997: Semiotext(e)): 97-119, 118.

¹⁰ Foucault, Michel, ‘What Our Present Is’, in: *Politics of Truth*: 129-143, 141.

¹¹ Ibid., 142.

¹² Foucault, ‘What is Enlightenment?’, 113. Emphasis added.

[a]rchaeological—and not *transcendental*—in the sense that it will not seek to identify the universal structures of all knowledge or of all possible moral action, but will seek to treat the instances of discourse that articulate what we think, say, and do as so many historical events. And this critique will be genealogical in the sense that it will not deduce from the form of what we are what it is impossible for us to do and to know; but it will separate out, from the contingency that has made us what we are, the possibility of no longer being, doing, or thinking what we are, do, or think.¹³

The writing of the history of a problem is, then, an exercise in the type of critique outlined above. It must, for Foucault, avail itself of the archaeological method and it must be informed by a genealogical intent.

Following this method, this dissertation is centrally concerned with *the manner in which democracy appears as a problem to neoliberalism*. Why is it, I ask, that democracy poses such a profound problem for neoliberal thought? What is specific about neoliberal approaches to the problem of democracy? Which solutions to this problem are made possible by neoliberalism's conceptual apparatus? How do neoliberal modes of problematising democracy bear upon our present condition? How, finally, have solutions to the problem of democracy forwarded by neoliberals impacted upon democratic politics in the present moment? However, for an answer to these questions to emerge, neoliberalism must first be subjected to an archaeological analysis. How the archaeological method precisely works is a topic that I shall treat in detail in chapter 3. Here I restrict myself to offering an overview of the three currently most prevalent historical approaches to neoliberalism in order to show that each of these fails to account for neoliberalism's prehistory; that is, for the ensemble of knowledge practices and discursive formations that make neoliberalism possible and that give it its structure.

The Contribution

Scholarly studies of the history of neoliberalism abound. Whereas different studies emphasise different elements of this history, deploy diverging theoretical

¹³ Ibid., 113-114.

apparatuses, study distinct periods or geographies and display different degrees of analytical rigour, it is possible to subdivide them into three groups based on their object of analysis.¹⁴ The first group contains histories that emphasise neoliberal ideas, their development and their dissemination. These histories document and study the networks and institutions that enabled neoliberal ideas to be articulated, refined, communicated and, finally, put into practice more or less coherently. The second group consists of histories that view neoliberalism as the surface effect of more fundamental socio-economic processes and that study the manner in which certain class interests joined forces with networks of political and scholarly agents in order to reform the state. The third group consists of histories of neoliberal governmentality; that is, histories that view neoliberalism as a specific art of government made up of determinate rationalities, formal and informal technologies of power and mechanisms of subjectivation. Such histories study the manner in which neoliberal rationalities and technologies came into being, were articulated as a governmental programme, were applied in complex and diverse ways and found their way into quotidian practices and the very fabric of subjectivity. Whereas the first of these three approaches is not internally homogeneous and can be regarded as a cohesive group only because the discrete studies that constitute it share an object of study, the second approach is clearly bound together by a shared historical materialist perspective, while the third is characterised by a common Foucaultian heritage that consists both in a cohesive critical lexicon and in a basic understanding of the history of neoliberalism.

I should stress that my point is not that these three approaches are mutually exclusive. On the contrary, they show considerable overlap on a wide range of topics and, where they do not, tend to complement each other. Indeed, numerous scholars have recently come to advocate cross-fertilisation between these different approaches, suggesting that any dichotomies established between, for instance,

¹⁴ For comprehensive reviews of varying Anglophone approaches to neoliberalism, see Birch, Kean, 'Neoliberalism: The Whys and Wherefores ... and Future Directions', *Sociology Compass* 9 (2015) 7: 571-584; Cahill, Damien & Martijn Konings, *Neoliberalism* (Cambridge 2017: Polity), Introduction; Flew, Terry, 'Six Theories of Neoliberalism', *Thesis Eleven* 122 (2014) 1: 49-71. For a comprehensive overview of French, Italian, German, and English approaches to neoliberalism, see Audier, Serge, *Néo-libéralisme(s): Une archéologie intellectuelle* (Paris 2012: Éditions Grasset), Introduction.

Foucault-inspired and historical-materialist accounts of neoliberalism are false.¹⁵ The point is, rather, that these approaches rely upon sufficiently dissimilar historiographies to be treated separately.

Neoliberalism as Thought and as Thought Collective

The past decade has seen a marked increase in scholarly interest in the history of neoliberal thought, giving rise, in recent years, to a significant number of studies dedicated to this topic. While the analytical frameworks deployed in this body of literature tend to vary in important ways, what ties them together is that they take neoliberal *thought* as their object of study.¹⁶

One paradigmatic example of this approach is a widely celebrated volume edited by Philip Mirowski and Dieter Plehwe entitled *The Road From Mont Pèlerin*. This volume, which brings together an international group of intellectual historians, seeks to map the intellectual and political exploits of what is referred to as ‘the neoliberal thought collective’.¹⁷ Thus, in the introduction to the volume, Plehwe asserts that ‘[n]eoliberalism must be approached primarily as a historical

¹⁵ See e.g. Cahill & Konings, *Neoliberalism*, 11ff; Dean, Mitchell, ‘Rethinking Neoliberalism’, *Journal of Sociology* 50 (2014) 2: 150-163; Flew, ‘Six Theories of Neoliberalism’; Springer, Simon, ‘Neoliberalism as Discourse: Between Foucauldian Political Economy and Marxian Poststructuralism’, *Critical Discourse Studies* 9 (2012) 2: 133-147.

¹⁶ Books that fit this category but that I cannot discuss here include Bonefeld, Werner, *The Strong State and the Free Economy* (London 2017: Rowman & Littlefield); Burgin, Angus, *The Great Persuasion: Reinventing Free Markets Since the Depression* (Cambridge, MA 2012: Harvard University Press); Butterwegge, Christoph, Bettina Lösch & Ralf Ptak, *Kritik des Neoliberalismus*, 2nd edition (Wiesbaden 2008 [2007]: VS Verlag); Cahill & Konings, *Neoliberalism*; Davies, Will, *The Limits of Neoliberalism: Authority, Sovereignty and the Logic of Competition* (Los Angeles, CA 2014: SAGE); Denord, François, *Le néo-libéralisme à la française: Histoire d’une idéologie politique*, 2nd ed. (Marseille 2016 [2007]: Agone); Meijer, Gerrit, *Het neoliberalisme: Neoliberalen over economische orde en economische theorie* (Assen 1988: Van Gorcum); Plehwe, Dieter, Bernhard Walpen & Gisela Neunhöffer (eds.), *Neoliberal Hegemony: A Global Critique* (London 2006: Routledge); Steger, Manfred B. & Ravi K. Roy, *Neoliberalism: A Very Short Introduction* (Oxford 2010: Oxford University Press); Turner, Rachel, *Neo-Liberal Ideology: History, Concepts and Policies* (Edinburgh 2008: Edinburgh University Press); Walpen, Bernhard, *Die offenen Feinde und ihre Gesellschaft: Eine hegemonietheoretische Studie zur Mont Pèlerin Society* (Hamburg 2004: VSA-Verlag).

¹⁷ Plehwe, Dieter, ‘Introduction’, in: Mirowski, Philip & Dieter Plehwe (eds.), *The Road From Mont Pèlerin: The Making of the Neoliberal Thought Collective* (Cambridge, MA 2009: Harvard University Press): 1-42, 4.

“thought collective” of increasingly global proportions’.¹⁸ When speaking of a “thought collective”, Plehwe has in mind a determinate network of intellectuals and institutions that can be identified by a series of formal and informal relationships and who share a common political and intellectual goal. The term “neoliberal thought collective”, then, refers to a global network of academics, intellectuals, think tanks and research institutes that, throughout the second half of the twentieth century, constructed a more or less internally stable political and intellectual doctrine; one which it went on more or less successfully to disseminate. What the various contributions to *The Road From Mont Pèlerin* offer is, in Plehwe’s words, an insight into the ‘crucial networks of people and organizations as well as channels of communication cutting across knowledge domains, social status groups, borders, and cultures that were crucial to the rise of neoliberalism to hegemony’.¹⁹ In this account, the Mont Pèlerin Society (MPS), an international network of neoliberal thinkers and activists, resides at the very heart of the neoliberal movement, meaning that ‘the MPS network can be safely used as a divining rod in order to define with sufficient precision the thought collective that has created and reproduced a distinctly neoliberal thought style in the era of its genesis’.²⁰

While this approach explicitly foregrounds the actors who were involved in producing and distributing neoliberal thought, its ultimate interest is not in these actors alone. Rather, it seeks to document, as Mirowski puts it in the ‘Postface’ to *The Road From Mont Pèlerin*,

an intellectual history [...] involving the careful study of some key people, key concepts, and key organizations, all of which have been of great importance for launching neoliberalism in different countries back in the 1930s and to eventually develop after World War II into the major rival of welfare state capitalism and socialist planning.²¹

¹⁸ Ibid.

¹⁹ Ibid., 3.

²⁰ Ibid., 4.

²¹ Mirowski, Philip, ‘Postface: Defining Neoliberalism’, in: Mirowski & Plehwe (eds.), *The Road From Mont Pèlerin*: 417-455, 426.

From this perspective, then, the history of neoliberalism must be an intellectual history that traces neoliberal ideas in all of their complexity; an endeavour that requires the patient documenting of their genesis, the trajectories of their dissemination, their eventual (more or less successful) implementation in policy and their gradually—and largely stealthily—becoming integral to, in Mirowski's words, 'many facets of everyday life'.²² What Plehwe, Mirowski and their colleagues bring powerfully into focus is that the rise and implementation of neoliberal *political economy* was preceded by what might be called an *epistemic economy*, that is, a series of historical processes of the production, distribution, and consumption of neoliberal *knowledge*. Their work, then, is devoted to the study of the development of this epistemic economy—an endeavour that, as Mirowski notes, 'is first and foremost a *historical inquiry*'.²³

Recent years have seen a growing number of intellectual histories of neoliberalism, including, for example, Jamie Peck's 2010 *Constructions of Neoliberal Reason*, Daniel Stedman Jones's 2012 *Masters of the Universe* and, more recently, Thomas Biebricher's work on neoliberal political thought.²⁴ Biebricher's work is especially relevant here, as it focuses particularly on neoliberal understandings of democracy. Thus, in a recent essay entitled 'Neoliberalism and Democracy', Biebricher offers a 'threefold typology of varieties of neoliberal thought' on the topic of democracy, on the basis of which he argues that there exists 'a certain degree of heterogeneity in the neoliberal discourse on representative democracy'.²⁵ In his view, critics of neoliberalism must engage with neoliberal ideas themselves not only to understand how they emerged and in which ways they have influenced policy, but also to be able to formulate an

²² Mirowski, Philip, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown* (London 2013: Verso), 49.

²³ *Ibid.*, 29. Emphasis added.

²⁴ Peck, Jamie, *Constructions of Neoliberal Reason* (Oxford 2010: Oxford University Press); Stedman Jones, Daniel, *Masters of the Universe: Hayek, Friedman, and the Birth of Neoliberal Politics*, paperback ed. (Princeton, NJ 2014 [2012]: Princeton University Press); Biebricher, Thomas, 'Sovereignty, Norms, and Exception in Neoliberalism', *Qui Parle* 23 (2014) 1: 77-107; Biebricher, Thomas, 'Neoliberalism and Democracy', *Constellations* 22 (2015) 2: 255-266.

²⁵ Biebricher, 'Neoliberalism and Democracy', 255, 263. Elsewhere I have engaged in depth with Biebricher's argument. See Cornelissen, Lars, "'How Can the People Be Restricted?': The Mont Pèlerin Society and the Problem of Democracy, 1947-1998', *History of European Ideas* 43 (2017) 5: 507-524.

immanent critique of neoliberal reasoning. He thus prompts his readers ‘to critically engage not only with political practices but with the ideas behind them and show that the problem does not lie with their imperfect implementation but the very ideas themselves’.²⁶

A final example of this group of studies is Serge Audier’s rigorous 2012 study, *Néo-libéralisme(s): Une archéologie intellectuelle*, which painstakingly documents and maps the myriad existing subspecies of neoliberal thought, taking care to emphasise all the differences, great and small, that exist between them. While his analysis remains on the level of ideas alone and does not venture into the domain of political practices or policy, Audier pays more attention than most of his fellow intellectual historians to the origins of neoliberal thought, often locating the texts he studies in longer traditions and identifying the heritage they carry with them. Interesting for my purposes is that, while Audier considers his study—as its subtitle indicates—an “intellectual archaeology”, he does not thereby seek to place himself in a Foucaultian paradigm. On the contrary, one of the bodies of literature that *Néo-libéralisme(s)* explicitly criticises is precisely what Audier calls the ‘neo-Foucaultian grid’.²⁷ Rather, he uses the term “archaeology” as a synonym for ‘intellectual history’ and his primary aim, accordingly, is to compose a ‘history and conceptualisation of neoliberalism’.²⁸

In short, studies in the first group take the history of neoliberal thought as their object of study. While most of them are not exclusively focused on neoliberal thought, also taking into consideration the institutional networks through which it was disseminated, their primary focus is nevertheless on the formation, the spread and the various afterlives of neoliberal ideas.

²⁶ Biebricher, ‘Neoliberalism and Democracy’, 264.

²⁷ See Audier, *Néo-libéralisme(s)*, 22-34. In a cheeky passage Audier even uses the term “archaeology” against the Foucaultian account, claiming that ‘pour ce qui est de l’archéologie intellectuelle—qui sera au cœur de ce livre—, Foucault et ses disciples paraissent grandement sous-estimer les différences profondes entre le libéralisme allemand et l’anarcho-capitalisme, en les rapportant tous deux à la figure de l’homme-entreprise [as for archaeology—which is at the heart of this book—, Foucault and his disciples appear greatly to underestimate the profound differences between German liberalism and anarcho-capitalism, by relating them both to the figure of entrepreneurial man]’ (29).

²⁸ *Ibid.*, 56, 17. My translation.

Neoliberalism as Class Revolution

The second group of studies is tied together by a historiography that emphasises the crucial role played by material conditions, class agency and economic cycles in the development of neoliberalism.

A landmark publication in this group of studies is David Harvey's 2005 book, *A Brief History of Neoliberalism*, which relies upon statistical data to argue that 'neoliberalization was from the very beginning a project to achieve the restoration of class power'.²⁹ In his view, neoliberalisation started to be implemented in the late 1970s as a response to the 'clear *political* threat to economic elites and ruling classes everywhere' entailed by the economic crises of that age.³⁰ This argument relies upon an analytical distinction between "neoliberalism" as a body of thought and "neoliberalisation" as the political project that went on to mobilise it. 'Neoliberalism', he writes, 'is in the first instance a theory of political economic practices that proposes that human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterized by strong private property rights, free markets, and free trade'.³¹ '[N]eoliberalization', on the other hand, is 'a *political* project to re-establish the conditions for capital accumulation and to restore the power of economic elites. [...] The theoretical utopianism of neoliberal argument has, I conclude, primarily worked as a system of justification and legitimation for whatever needed to be done to achieve this goal.'³² For Harvey, then, the study of the history of neoliberalism involves the study of neoliberal ideas only insofar as they provided the justificatory framework for the neoliberal project. His primary analytical focus is on 'the neoliberal state' and on transformations in material conditions.³³

²⁹ Harvey, *Brief History of Neoliberalism*, 16.

³⁰ *Ibid.*, 15.

³¹ *Ibid.*, 2.

³² *Ibid.*, 19.

³³ *Ibid.*, ch. 3. For a similar approach to neoliberalism's history, see Duménil, Gérard & Dominique Lévy, *Capital Resurgent: Roots of the Neoliberal Revolution*, transl. D. Jeffers (Cambridge, MA 2004 [2000]: Harvard University Press); Harvey, David, 'Neoliberalism as Creative Destruction', *The Annals of the American Academy of Political and Social Science* 610 (2007): 22-44; Overbeek, Henk & Bastiaan van Apeldoorn (eds.), *Neoliberalism in Crisis* (Basingstoke 2012: Palgrave Macmillan).

A second major study here is Wolfgang Streeck's 2013 *Buying Time*, which offers a critical analysis of the 2008 financial crisis. In the preface to the book's second edition, Streeck writes:

[I]t is in the 1970s that I locate the latest break in the history of the political economy of capitalist democracies. What then began I describe as a "neoliberal revolution", though one could also call it a restoration of the economy as a coercive social force, not for everyone, but for the great majority, along with a liberation of the very few from political control. Instead of reifying this process as an expression of eternal standard-economic laws, I treat it as the outcome of distributional conflict between classes.³⁴

Streeck, then, also sees neoliberalism as the latest form adopted by the capitalist mode of production and similarly places great emphasis on the class dynamics underlying it, as well as on the crucial role played by economic crises. While he describes these dynamics as 'dialectical', he is, however, far less willing than is Harvey to ascribe the implementation of neoliberal reforms 'to strategic leadership traceable in historical archives', preferring to think of crises as surface effects of an 'underlying dynamic' inscribed into capitalism's very fabric.³⁵ He nevertheless agrees with Harvey that neoliberalism as a body of theory functioned primarily as a means for 'generating mass allegiance' for policies designed to mitigate recurrent crises.³⁶

Studies in the second group, in sum, employ a historiography attuned primarily to changes in the economic conditions of various social classes and to crises of capital accumulation. When neoliberal thought enters these analyses it is not as a central object of study but as an epiphenomenon of more fundamental socio-economic dynamics playing out in a dialectical fashion.

³⁴ Streeck, Wolfgang, *Buying Time: The Delayed Crisis of Democratic Capitalism*, 2nd ed., transl. P. Camiller & D. Fernbach (London 2017 [2013]: Verso), xv.

³⁵ *Ibid.*, lxii, xvii, lx.

³⁶ *Ibid.*, 4.

Neoliberalism as Governmental Art and Rationality

The third group of studies, which my dissertation is most closely in conversation with and which will be more closely discussed in the following two chapters, broadly consists of studies that rely upon and engage with Foucault's account of neoliberalism. Because Foucault only ever discussed neoliberal governmentality in his 1979 lectures at the Collège de France, the development of this literature was profoundly influenced when these lectures were transcribed and edited in 2004 and subsequently translated into various languages in the following years.³⁷ Indeed, this marks a turning point in Foucault-inspired histories of neoliberalism, which up until then had mostly sought to reiterate and disseminate Foucault's original account. However, because Foucault's lectures themselves were not easily accessible at the time, many such histories relied instead upon Colin Gordon's summary of their content, published in a 1991 volume, *The Foucault Effect*.³⁸

The 1996 volume *Foucault and Political Reason*, edited by Andrew Barry, Thomas Osborne and Nikolas Rose, offers a paradigmatic example of an early Foucaultian account of neoliberalism. The 'objective' of the essays collected therein is, as the editors write, 'the analysis of political reason itself, of the mentalities of politics that have shaped our present, the devices invented to give effect to rule, and the ways in which these have impacted upon those who have been the subjects of these practices of government'.³⁹ Such an analysis, they insist, must focus less upon the 'history of political ideas' than upon the 'ethos' according to which government is exercised.⁴⁰ Indeed, 'the focus of the essays collected here', they write, 'is on the "ethical" and "technical" character of neo-liberalism as an art of government, not upon the "ideological" conditions under which it may or may not

³⁷ *The Birth of Biopolitics* was translated, for instance, into German in 2006, into Italian in 2007, into English in 2008 and into Dutch in 2013. The role played by the transcription and translation of these lectures is further discussed in chapter 1.

³⁸ See Gordon, Colin, 'Governmental Rationality: An Introduction', in: Burchell, Graham, Colin Gordon & Peter Miller (eds.), *The Foucault Effect: Studies In Governmentality* (Chicago, IL 1991: University of Chicago Press): 1-52.

³⁹ Barry, Andrew, Thomas Osborne & Nikolas Rose, 'Introduction', in: Barry, Andrew, Thomas Osborne & Nikolas Rose (eds.), *Foucault and Political Reason: Liberalism, Neo-Liberalism and Rationalities of Government* (Chicago, IL: University of Chicago Press): 1-18, 2.

⁴⁰ *Ibid.*, 2, 8.

be able to operate'.⁴¹ The substantive accounts of neoliberalism's history offered in *Foucault and Political Reason* are based largely upon Gordon's 1991 summary and do little to further Foucault's own general outline of the history of neoliberalism, instead opting to expand upon specific claims made in *The Birth of Biopolitics*; claims pertaining to, for example, the differences between classical liberalism and neoliberalism, the role played by freedom in neoliberal technologies and the mode of subjective conduct induced by neoliberalism.⁴²

This changed shortly after *The Birth of Biopolitics* was transcribed and translated. Having become publicly available, these lectures could now be studied independently of interpreters' summaries, meaning that Foucault's empirical claims could be scrutinised, the sources used could be consulted and the gaps that he had left in his historical narrative could be identified and filled. *The Birth of Biopolitics* quickly drew a large amount of scholarly attention, on the one hand eliciting countless reviews, commentaries and critiques and, on the other, sparking renewed interest in the study of the history of neoliberalism.⁴³

Two studies that exemplify this trend are *Die Kultivierung des Marktes* by Lars Gertenbach and *The New Way of the World* by Pierre Dardot and Christian Laval. The first of these, published in 2007, is a study of neoliberal governmentality that explicitly situates itself in the wake of the transcription of *The Birth of Biopolitics*, an event that, Gertenbach observes, makes it possible finally to engage with Foucault's understanding of neoliberalism. The book's stated aim is to use these lectures to explain 'which specific art and way of governing expresses itself in the political programme of neoliberalism'.⁴⁴ Analytical emphasis is placed less upon

⁴¹ Ibid., 11.

⁴² For similar pre-2004 discussions of neoliberalism see e.g. Dean, Mitchell & Barry Hindess (eds.), *Governing Australia: Studies in Contemporary Rationalities of Government* (Cambridge 1998: Cambridge University Press); Dean, Mitchell, *Governmentality: Power and Rule in Modern Society*, 2nd ed. (Los Angeles, CA 2010 [1999]: SAGE); Lemke, Thomas, *Eine Kritik der politischen Vernunft: Foucaults Analyse der modernen Gouvernementalität* (Hamburg 1997: Argument); Lemke, Thomas "'The Birth of Bio-Politics": Michel Foucault's Lecture at the Collège de France on Neo-Liberal Governmentality', *Economy and Society* 30 (2001) 2: 190-207; and Miller, Peter & Nikolas Rose, 'Political Power Beyond the State: Problematics of Government', *The British Journal of Sociology* 43 (1992) 2: 173-205.

⁴³ For a detailed overview of the reception of *The Birth of Biopolitics* in French, German, Italian, and English literatures, see Audier, Serge, *Penser le "néolibéralisme": Le moment néolibéral, Foucault et la crise du socialisme* (Lormont 2015: Le bord de l'eau).

⁴⁴ Gertenbach, Lars, *Die Kultivierung des Marktes: Foucault und die Gouvernementalität des Neoliberalismus*, 3rd ed. (Berlin 2010 [2007]: Parados), 9-10. My translation.

‘an abstract form of thought’ than upon the historical development of this “art of governing”, that is, on how a certain set of political-economic theories developed into a ‘specific political rationality and above all a specific “governmentality”’.⁴⁵ While, for Gertenbach, the publication of *The Birth of Biopolitics* provides the opportunity finally to study this development, in Foucault’s original account it is ‘hardly systematically elaborated or even exhaustively treated’.⁴⁶ For that reason, Gertenbach’s book seeks ‘to systematise Foucault’s lectures and connect them to a hitherto not attempted reading of the neoliberal theorists’.⁴⁷

Dardot and Laval’s 2009 *The New Way of the World* sits very closely to Gertenbach’s book. They too regard the publication of *The Birth of Biopolitics* as a crucial moment in the study of neoliberalism, as it grants access both to a new analytical notion, namely “governmental rationality”, and to Foucault’s understanding of the specific characteristics of neoliberal rationality. Indeed, as they state in a footnote, *The Birth of Biopolitics* ‘is the key reference informing the analysis of neoliberalism attempted below’.⁴⁸ In a way similar to Gertenbach, they endeavour to study neoliberalism as a ‘set of discourses, practices and apparatuses’ that were the result, not of a straightforward deployment of neoliberal theory, but of ‘a historical process that was not fully programmed by its pioneers’.⁴⁹ Consequently, they, too, expand upon Foucault’s historical narrative, bolstering his claims with further empirical evidence, applying his analysis in domains that Foucault had left untouched and extending his account to the present moment.

Studies in the third group, in sum, engage with Foucault’s *Birth of Biopolitics*, viewing it either as a starting point for analyses of specific aspects of the neoliberal condition or as a comprehensive account of the history of neoliberalism in its own right.

⁴⁵ Ibid., 11, 10.

⁴⁶ Ibid., 13.

⁴⁷ Ibid.

⁴⁸ Dardot, Pierre & Christian Laval, *The New Way of the World: On Neoliberal Society*, transl. G. Elliott (London 2013 [2009]: Verso), 4n6.

⁴⁹ Ibid., 9.

History and Prehistory in the Study of Neoliberalism

It is clear, then, that different prevalent understandings of neoliberalism entail different analytical and methodological frameworks. I have separated such understandings along the lines of their respective objects of study, an exercise that yields one approach focused centrally upon neoliberal ideas and their circulation, one that pays attention primarily to socio-economic fluctuations and moments of crisis and one that emphasises the rationality underlying neoliberal modes of government and the technologies that flow from it.

Despite the many historiographical and analytical dissimilarities between these various approaches, there are also notable similarities in the historical narratives they offer. Of particular interest to my purposes is that the studies discussed so far overwhelmingly construct their respective accounts of the history of neoliberalism around the exact same set of historical markers, made up of three moments of global economic crisis: the Great Depression of the 1930s, the crises of the 1970s and the banking crisis of 2008. Neoliberalism, almost all of its critical historians agree, was developed *theoretically* in response to the first of these crises, started being *applied* in policy, practice and political discourse in the wake of the second and reached a point of *climax* with the third. The disagreements that exist revolve around the precise function fulfilled by neoliberal ideas, the relative agency of various historical actors and the exact nature of social and political crises.

As a result, all these studies take the birth of neoliberalism in the 1930s and 40s as their historical starting point, often granting analytical privilege either to such events as the Walter Lippmann Colloquium (1938) and the founding of the Mont Pèlerin Society (1947) or to such documents as Hayek's *The Road to Serfdom* (1944) and 'The Intellectuals and Socialism' (1949). What is missing from all these accounts, however, is a systematic analysis of the prehistory⁵⁰ of neoliberalism; that is, of the philosophical, epistemic and scientific frameworks

⁵⁰ Interestingly, while the term "prehistory" is used by some historians of neoliberalism, in each case it refers to the period between the Great Depression and the rise, in the 1970s, of recognisably neoliberal governments; the period, in other words, in which neoliberal *doctrine* was elaborated by authors such as Hayek, Milton Friedman and Wilhelm Röpke. See, for example, Cahill & Konings, *Neoliberalism*, 27; Peck, Jamie, 'Remaking Laissez-Faire', *Progress in Human Geography* 32 (2008) 1: 3-43, 6; Streeck, *Buying Time*, xiii.

the existence of which was a historical precondition of the emergence of neoliberal thought in the wake of the Great Depression.

It is, I contend, owing to their methodological restraints that none of the three approaches discussed here is capable of offering such an analysis. It is, in fact, because they invariably take the emergence of neoliberalism as their starting point that they fail precisely to problematise that event. Accordingly, when historians of neoliberalism do delve into the period leading up to that decisive moment—looking, for instance, for ideas that anticipated in content or form their neoliberal progeny; for philosophical currents that had set the stage for neoliberal thought; for the earliest forms of the institutional and personal networks that facilitated the successful formation of a dedicated thought collective; or for governmental technologies that neoliberalism was to retrieve from its own prehistory so as to adapt them—all they find are shadowy prefigurations of neoliberal ideas, networks or technologies. It is for this reason that Audier sees in Carl Menger's thought merely the forefather of Ludwig von Mises's and Hayek's respective versions of "methodological individualism" and evolutionary institutionalism;⁵¹ that Plehwe and others identify the Walter Lippmann Colloquium as little more than an important link in the chain of events leading up to the establishment of the MPS;⁵² and that many Foucaultian histories contend, as Foucault himself had done, that Edmund Husserl's phenomenology provided the philosophical groundwork for ordoliberal political economy.⁵³

One study that is an exception to this rule is the 2017 book *The Origins of Neoliberalism*, by Giandomenica Becchio and Giovanni Leghissa. This study seeks 'to consider neoliberalism as deeply rooted and developed within the process of emergence of a particular way of thinking about political economy as a science (neoclassical economics) as well as human beings as neoclassical economic agents

⁵¹ See e.g. Audier, *Néo-libéralisme(s)*, 112; Gertenbach, *Die Kultivierung des Marktes*, 42-44.

⁵² See e.g. Audier, Serge, *Le Colloque Lippmann: Aux origines du néo-libéralisme* (Latresne 2008: Le bord de l'eau); Denord, François, 'French Neoliberalism and Its Divisions: From the Colloque Walter Lippmann to the Fifth Republic', in: Mirowski & Plehwe (eds.), *The Road From Mont Pèlerin*: 45-67; Plehwe, 'Introduction'.

⁵³ See Foucault, Michel, *The Birth of Biopolitics: Lectures at the Collège de France, 1978-79*, ed. M. Senellart, transl. G. Burchell (Basingstoke 2008 [2004]: Palgrave Macmillan), ch. 5. See also Dean, Mitchell, *The Signature of Power: Sovereignty, Governmentality and Biopolitics* (London 2013: SAGE), 54, 181-182; Oksala, Johanna, 'Foucault, Husserl, and the Philosophical Roots of German Neoliberalism', *Contemporary Philosophical Review* (2016) 49: 115-126.

(maximizer individuals)'.⁵⁴ What sets Becchio and Leghissa's approach apart from those discussed above is that theirs is attuned to 'the epistemic status of economic models' in the broader philosophical framework that underpins neoliberal thought, which leads them to study the role played by neoliberals' understandings of economic science.⁵⁵ This allows them to study the epistemic shifts that preceded the emergence of neoliberal political economy in a way not unlike the one presented in the remainder of this dissertation. While *The Origins of Neoliberalism* is the first—and, at present, the only⁵⁶—study to offer a systematic account of the formative role played by the marginal utility revolution in the prehistory of neoliberalism, what it lacks is a rigorous methodological apparatus. As a result, the authors end up tracing, in a straightforward manner, the evolution of certain ideas, concepts and methodological frameworks from the marginalist revolution to Chicago School doctrine.⁵⁷ While tracing this evolution is important, until it is fitted out with appropriate analytical tools, such an endeavour will be restricted to an analysis of the surface effects of discourse—the career of a singular idea, the influence of one thinker upon another or the paths travelled by a given scientific method.

In sum, while the great majority of critical histories of neoliberalism give no access to the prehistory of neoliberal thought, the shortcomings of *The Origins of Neoliberalism* testify that a thorough understanding of the relationship between the marginal utility revolution and the emergence of neoliberal thought requires an analytical framework capable of accessing more than merely the surface effects of discourse. What is necessary, I submit, is a method capable of isolating the emergence of neoliberalism as an historical event in thought and that, in doing so, can unearth the discursive framework that underpins neoliberal thought, gives it

⁵⁴ Becchio, Giandomenica & Giovanni Leghissa, *The Origins of Neoliberalism: Insights From Economics and Philosophy* (New York 2017: Routledge), 1-2.

⁵⁵ *Ibid.*, 13.

⁵⁶ While Johanna Bockman's studies on the relationship between so-called "neoclassical economics" and neoliberalism does relate the marginal utility revolution to neoliberalism, her concern is less to explore the ways in which neoliberalism thought is indebted to marginalism than it is to argue that historians of neoliberalism often falsely equate neoclassical economics to neoliberalism. See Bockman, Johanna, *Markets in the Name of Socialism: The Left-Wing Origins of Neoliberalism* (Stanford, CA 2011: Stanford University Press); Bockman, Johanna, 'The Long Road to 1989: Neoclassical Economics, Alternative Socialisms, and the Advent of Neoliberalism', *Radical History Review* (2012) 112: 9-42.

⁵⁷ See esp. Becchio & Leghissa, *Origins of Neoliberalism*, ch. 2.

its rules, determines its parameters and assigns the various epistemic objects that constitute it their proper place in relation to one another. The one method capable of this is Foucault's archaeology.

The Structure

The remainder of this dissertation consists of six chapters, which are divided into two parts separated by a brief "seam".

In the first part, consisting of three chapters, I engage with contemporary scholarly critiques of neoliberalism, focusing particularly on Foucault's historical account of neoliberal governmentality and its reception in recent scholarship. Thus, chapter 1 offers a detailed account of *The Birth of Biopolitics*, focusing specifically on the genealogy of governmentality that Foucault started developing in his lectures on *Security, Territory, Population*, delivered the year before. By tracing the general contours of this genealogy, I arrive at a sketch of Foucault's portrayal of the emergence of neoliberalism, its relationship to classical liberalism and its defining features.

In chapter 2, I turn to recent receptions of *The Birth of Biopolitics* in order to show that one of the most common critiques of Foucault's account of neoliberalism is that it overlooks the implications of neoliberal governmentality for democratic practices. I single out the writings of Wendy Brown, who seeks to develop Foucault's account of neoliberalism further even as she aims to overcome its shortcomings; an endeavour that leads her to articulate a piercing account of the relationship between neoliberalism and democracy. I contend, however, that Brown's foremost shortcoming is that hers is a self-consciously ahistorical critique, which allows her to explain how neoliberalism undermines democracy in the present but which does not offer the tools to understand the position taken in neoliberal thought by democracy, which is pre-eminently an historical problem.

Chapter 3 discusses Foucault's understanding of the archaeological method. I begin by further exploring his attempt, late in his life, to describe his work as the history of problematisations and the role he assigns to archaeology in this enterprise. I proceed to discuss the philosophical stakes of archaeology; a question that involves Foucault's relationship to Kant's critical project. Finally, on

the basis of a closer engagement with *The Order of Things* and *The Archaeology of Knowledge*, I lay out the most important methodological tools offered by the archaeological method.

In the seam that separates the two parts of this dissertation, I demonstrate that Foucault attempted, in *The Birth of Biopolitics*, to offer an archaeological account of the emergence of neoliberalism. In order to do so, he juxtaposed the work of John Maynard Keynes to a text, published in 1932, by Lionel Robbins, claiming that the latter inaugurates what he calls the “epistemological mutation” necessary for neoliberal economics to become possible. I contend that, by locating this shift in Robbins’s book, Foucault misidentifies its source, in spite of the fact that Robbins himself attributes his insights to Menger. I submit, therefore, that an archaeological analysis of neoliberal thought must begin with a reading of Menger.

In the second part I offer an archaeological account of the emergence of neoliberal thought. I start, in chapter 4, with a reading of Foucault’s *The Order of Things*, focusing in particular upon his depiction of the epistemological foundations of modern political economy, as encountered in the works of David Ricardo and Karl Marx. I show that Foucault never attempted to account for the marginal utility revolution, leaving a significant lacuna in his understanding of post-Marxian economic analysis. I proceed to offer an archaeological account of Menger’s writings, concentrating, first, on the central epistemological shift inaugurated by his idiosyncratic version of the subjective theory of value and, second, on the implications for economic analysis of this shift. On my reading, the shift effectuated by Mengerian political economy is the introduction of a new discursive object, namely the conditions under which individuals act economically. The three implications of this shift are, first, that economic thought becomes articulated to a novel conception of *history*; second, that economic analysis comes to include the category of *knowledge*; and third, that political economy once again becomes a *practical science*.

In chapter 5, I trace the afterlives of the Mengerian turn in early 20th-century political-economic thought. I demonstrate, first, that on the basis of the epistemological shift he inaugurated, several novel discursive practices became possible, including the articulation of the concept of “marginal utility”, Joseph

Schumpeter's theory of the entrepreneur and what is known as the "socialist calculation debate". I go on to argue that in the 1930s and 40s, political economists and philosophers started to construct a new philosophy of society; one that, when studied archaeologically, proves to be the result of the application of Mengerian principles not to the economic activity of individuals but to the life of society as a whole. This philosophical current, which I discern in the writings of liberal-minded thinkers such as Hayek, Eucken, and Karl Popper as well as in the works of several of their most prominent adversaries, such as Karl Mannheim and Karl Polanyi, takes as its primary object of study the conditions under which socio-economic order emerges in society. This, in turn, involves a novel philosophical understanding of *history*; relies upon a certain understanding of economic *knowledge*; and demands a renewed understanding of the *practical* role of political-economic science. In the hands of Hayek and Eucken, this mode of thought results in a political philosophy that advocates the active construction of a legal framework—or an "economic constitution"—that provides the necessary conditions for the emergence and conservation of a competitive order. I conclude the chapter by demonstrating that the first generation of Mont Pèlerin Society members, spearheaded by Hayek, Eucken, Popper and Robbins, inscribed this political philosophy into the Society's very foundations, thus giving birth to the neoliberal project.

Chapter 6 looks closely at the theory of democracy that was constructed by neoliberals in the 1960s and 70s, centring on the political thought of Hayek. It is there, I argue, that the fundamental implications of neoliberal thought for democratic politics are most visible. For Hayek, democracy poses a genuine problem for liberal thought and politics because, on the one hand, effective control over one's government is a necessary condition of individual liberty whilst, on the other, democratic mechanisms have historically been demonstrated to be a threat to the continued existence of the competitive order due to their tendency to eliminate the conditions necessary for its conservation. It follows, in Hayek's eyes, that democratic politics must be limited by constitutional restraints that make it impossible for democratic forces to exert an influence on these conditions. However, because, in the Hayekian understanding of social order, these conditions are of a *legal* nature, his proposal to restrict democratic

mechanisms turns out, concretely, to require the wholesale elimination of any popular influence over the legislature. Hayek's ideal constitution, then, accords citizens democratic influence over governmental practices, but not over legislation. In this sense, I contend, Hayek's democratic theory is aimed openly at the elimination of popular sovereignty. This anti-democratic position is, I conclude, the ultimate outcome of the neoliberal mode of reason.

In the afterword, I summarise each of the conclusions I have reached before I offer a series of tentative reflections on the implications of my findings for the analytical and political critique of our neoliberal present.

CHAPTER 1: MICHEL FOUCAULT AND LIBERAL GOVERNMENTALITIES

Introduction

One of the central objectives of this dissertation is the development of an historical account of neoliberalism that can unearth the epistemological foundations upon which neoliberal thought relies. In my view, such an account must depart from Michel Foucault's portrayal of the history of neoliberalism as developed in his lectures on *The Birth of Biopolitics*, delivered at the Collège de France in 1979; an account that, to this day, remains unparalleled in its rigour and its richness.

The present chapter has three related aims. First, I seek to locate *The Birth of Biopolitics* in Foucault's broader oeuvre, connecting it specifically to his concern, in the 1970s, with the development of what he referred to as an "analytics of power". I argue that, in 1978, he coins the term "governmentality" in order to be able to attach this analytics to a more detailed genealogy of modern modalities of power, prompting him to trace, in his lectures on *Security, Territory, Population* and *The Birth of Biopolitics*, what he calls a "history of governmentality". Second, I aim to offer a detailed summary of Foucault's historical account of neoliberal governmentality, highlighting specifically the ways in which it differs from preceding governmentalities. Third, I seek to show that, for Foucault, the study of the history of governmentality involves the isolation and analysis of moments of epistemological discontinuity, which in turn requires specific analytical tools.

In the first section, then, I discuss the relationship between, on the one hand, Foucault's attempt to articulate an analytics of power and, on the other, the history of governmentality traced during his lecture series of 1978 and 1979. In the second section, I reproduce this history, focusing specifically upon Foucault's account of neoliberalism and upon the relationship it bears to preceding forms of governmentality. I conclude by briefly summarising the way in which Foucault characterises the breaks that occur between distinct forms of governmentality and by suggesting that the study of these breaks requires the archaeological method.

From Power to Governmentality

Both *Security, Territory, Population* and *The Birth of Biopolitics* are, for the most part, concerned with tracing what Foucault calls the ‘history of “governmentality”’.¹ He is, in other words, engaged in an attempt to articulate an historical account of modern politics. This is not to say, however, that Foucault’s primary aim in these lectures is to intervene in the historiography of politics. Rather, the historical account offered is integral to a broader set of concerns that tie into his attempt to formulate what he terms, in the *The Will to Knowledge*, a new ‘analytics of power’.² It is, I argue in the present section, crucial to relate these lectures to Foucault’s attempt to rethink power as it was this attempt that prompted him, in *Security, Territory, Population*, to coin the term “governmentality”, marking a turning point in his understanding of the inner workings of power relations.

An Analytics of Power

Although ‘the subject matter of *Discipline and Punish*’, as Gilles Deleuze puts it in his book on Foucault, is ‘to invent [a] new conception of power’, it was not until *The Will to Knowledge* that Foucault presented a ‘more detailed exposition’ of this new conception.³ Central to this new understanding of power, Deleuze notes, is that it rejects a view of power relations as ‘homogeneous’, insisting instead that power ‘can be defined only by the particular points through which it passes’.⁴

Indeed, Foucault explains in *The Will to Knowledge* that the attempt to articulate an “analytics of power” stems from a desire to displace prevalent theoretical understandings of power. Contemporary political theory, in his view, is attached to

¹ Foucault, Michel, *Security, Territory, Population: Lectures at the Collège de France, 1977-78*, ed. M. Senellart, transl. G. Burchell (Basingstoke 2007 [2004]: Palgrave Macmillan), 108.

² Foucault, Michel, *The History of Sexuality, volume 1: An Introduction*, transl. R. Hurley (New York 1978 [1976]: Pantheon Books), 90.

³ Deleuze, Gilles, *Foucault*, transl. S. Hand (Minneapolis, MN 1988 [1986]: University of Minnesota Press), 24, 25.

⁴ *Ibid.*, 25.

a certain image of power-law, of power-sovereignty, which was traced out by the theoreticians of right and the monarchic institution. It is this image that we must break free of, that is, of the theoretical privilege of law [*la loi*] and sovereignty, if we wish to analyze power within the concrete and historical framework [*le jeu concret et historique*] of its operation. We must construct an analytics of power that no longer takes law [*le droit*] as a model and a code.⁵

Political theory, concisely put, has yet to ‘cut off the head of the king’.⁶ Foucault’s theoretical endeavours in the 1970s, to stay with the metaphor, have for the most part revolved around forging the guillotine’s blade.

Although *The Will to Knowledge* presents the published documentation of Foucault’s new analytics of power, he first expressed his desire to develop an alternative model for theorising power to the sovereign model in his 1974 lectures at the Collège de France, entitled *Psychiatric Power*. In these lectures he takes note of ‘a completely different type of power which differs term by term [...] from the power of sovereignty’.⁷ The “different type of power” he has in mind here is disciplinary power; a form of power that, in his words, ‘functions through networks and the visibility of which is only found in the obedience and submission of those on whom it is silently exercised’.⁸ However, Foucault did not attempt to formalise and schematise the analytics of power necessary to study such networks of power until the 1976 lectures, entitled “*Society Must be Defended*”; a series in which he sets out to develop a method that in many ways prefigures the analytics of power laid out in *The Will to Knowledge*.⁹

Foucault’s attempt to think power beyond the model of sovereignty culminates in *Security, Territory, Population*, where the notion of “governmentality” is

⁵ Foucault, *History of Sexuality*, volume 1, 90.

⁶ *Ibid.*, 89.

⁷ Foucault, Michel, *Psychiatric Power: Lectures at the Collège de France, 1973-74*, ed. J. Lagrange, transl. G. Burchell (Basingstoke 2006 [2003]: Palgrave Macmillan), 21.

⁸ *Ibid.*, 22.

⁹ See esp. Foucault, Michel, “*Society Must Be Defended*”: *Lectures at the Collège de France, 1975-76*, ed. M. Bertani & A. Fontana, transl. D. Macey (New York 2003 [1997]: Picador), 22ff.

introduced for the first time.¹⁰ For many commentators, *Security, Territory, Population*, together with various lectures delivered around the same time (the most famous being “*Omnes et Singulatim*”: Toward a Critique of Political Reason¹¹), marks the point where Foucault’s studies of power, in Wendy Brown’s words, ‘are gathered into a project that moves from critiques of inadequate models and conceptualizations toward the development of a framework for apprehending the operations of modern political power and organization’.¹²

This, then, is where *Security, Territory, Population* and *The Birth of Biopolitics* are situated. Indeed, during the first lecture of *The Birth of Biopolitics*, Foucault observes the following about his ‘choice of method’:

choosing to talk about or to start from governmental practice is obviously and explicitly a way of not taking as a primary, original, and already given object, notions such as the sovereign, sovereignty, the people, subjects, the state, and civil society, that is to say, all those universals employed by sociological analysis, historical analysis, and political philosophy in order to account for real governmental practice. For my part, I would like to do exactly the opposite and, starting from this practice as it is given, but at the same time as it reflects on itself and is rationalized, show how certain things—state and society, sovereign and subjects, etcetera—were actually able to be formed, and the status of which should obviously be questioned.¹³

¹⁰ On the background of this term, see Gertenbach, Lars, *Die Kultivierung des Marktes: Foucault und die Gouvernementalität des Neoliberalismus*, 3rd ed. (Berlin 2010 [2007]: Parodos), ch. 1; Lemke, Thomas, *Foucault, Governmentality, and Critique* (Boulder, CO 2012: Paradigm Publishers); Senellart, Michel, ‘Course Context’, in: Foucault, *Security, Territory, Population*: 369-401, 399-400n126.

¹¹ Foucault, Michel, “*Omnes et Singulatim*”: Toward a Critique of Political Reason’, in: *Essential Works of Foucault, 1954-1984, volume 3: Power*, ed. J.D. Faubion, transl. R. Hurley and others (New York 2000: The New Press): 298-325.

¹² Brown, Wendy, ‘Power After Foucault’, in: Dryzek, John S., Bonnie Honig & Anne Phillips (eds.), *The Oxford Handbook of Political Theory* (Oxford 2006: Oxford University Press): 65-84, 73. Cf. Dean, Mitchell, *Critical and Effective Histories: Foucault’s Methods and Historical Sociology* (London 1994: Routledge), 174; Gertenbach, *Die Kultivierung des Marktes*, ch. 1; Gordon, Colin, ‘Governmental Rationality: An Introduction’, in: Burchell, Graham, Colin Gordon & Peter Miller (eds.), *The Foucault Effect: Studies in Governmentality* (London 1991: Harvester Wheatsheaf): 1-51; Lemke, *Foucault, Governmentality, and Critique*, ch. 1; Senellart, ‘Course Context’.

¹³ Foucault, Michel, *The Birth of Biopolitics: Lectures at the Collège de France, 1978-79*, ed. M. Senellart, transl. G. Burchell (Basingstoke 2008 [2004]: Palgrave Macmillan), 2-3.

Later on in the same series, he forges an explicit connection between the notion of governmentality and his broader effort to rethink power, saying that governmentality ‘is no more than a proposed analytical grid for [...] relations of power’.¹⁴

This is not to say, however, that governmentality has replaced power in Foucault’s analytical lexicon. Rather, the notion of governmentality allows Foucault to develop an *historical* account of modern politics. ‘The problem’, as he puts it, ‘is how this way of governing develops, what its history is, how it expands, how it contracts, how it is extended to a particular domain, and how it invents, forms, and develops new practices’.¹⁵ In a signature move, then, Foucault completes the inversion of the juridical approach to power by *historicising* the notion and practice of government.

Seen from this angle, the history of governmentality sketched across the lectures of 1978 and 1979 comes to appear not as an attempt to write a different history of politics, but as the completion of the attempted displacement of political theories overly fixated upon sovereignty and law; as, indeed, the final step in the process of “cutting off the king’s head”.¹⁶ Governmentality, accordingly, is a quintessentially historical notion, thus requiring an apposite methodological framework. In the remainder of this chapter I shall seek to reconstruct both how Foucault understands the historical development of modern governmentality and the method he deploys in tracing this history. In the following section, I offer a detailed reading first of *Security, Territory, Population*, then of *The Birth of Biopolitics* in order to reconstruct Foucault’s portrayal of the history of governmentality. In concluding this chapter, I briefly reflect upon the methodological implications of this portrayal, arguing that in studying the history of governmentality, Foucault places strong emphasis on moments of epistemological change and that, accordingly, the study of governmentalities must be equipped with the tools capable of isolating and analysing those moments.

¹⁴ Ibid., 186.

¹⁵ Ibid., 6.

¹⁶ See also Dean, Mitchell, *Governmentality: Power and Rule in Modern Society*, 2nd ed. (Los Angeles, CA 2010 [1999]: SAGE), 35f.

The History of Governmentality

In the present section I engage in a detailed reading of Foucault's lectures on governmentality, closely following his historical narrative. In doing so, I focus specifically on his characterisation of classical liberalism and neoliberalism. Yet, before I can discuss these, I must offer a sketch of the governmentalities that, in his view, preceded them.

The Meaning of Governmentality

At the start of *Security, Territory, Population*, Foucault's express aim is to study a topic that, in previous years, he had sought to approach via the notion of "biopower", namely 'the subjugation of bodies and the control of populations'.¹⁷ His point of entry into this topic is the study of what he identifies as three "modalities" or "mechanisms" of power: the legal or juridical mechanism, the disciplinary mechanism and the apparatus of security. While Foucault distinguishes between these three modalities analytically, he does not want to suggest that they constitute 'a series of successive elements' in the sense that, historically speaking, one superseded the next:

In reality you have a series of complex edifices in which, of course, the techniques themselves change and are perfected, or anyway become more complicated, but in which what above all changes is the dominant characteristic, or more exactly, the system of correlation between juridico-legal mechanisms, disciplinary mechanisms, and mechanisms of security. In other words, there is a history of the actual techniques themselves.¹⁸

Initially, Foucault proposes to study these apparatuses and techniques of security and their relationship to 'population as both the object and the subject of

¹⁷ Foucault, *History of Sexuality*, volume 1, 140.

¹⁸ Foucault, *Security, Territory, Population*, 8.

these mechanisms'.¹⁹ This, indeed, is roughly the topic that he treats during the next two lectures (of 18 and 25 January), where he relies on a set of historical examples to interrogate the complex relationships between sovereign (or legal-judicial) power, disciplinary power and security mechanisms. However, in the fourth lecture (of 1 February), Foucault suddenly introduces the notion of "governmentality", which sends his studies in a different direction altogether, turning the lectures away from the problem of security and into what he calls a 'history of "governmentality"'.²⁰

What, one may ask, does Foucault mean by the term "governmentality"? Immediately after introducing it, he explains that it refers to three things. First, and most significantly, it means 'the ensemble formed by institutions, procedures, analyses and reflections, calculations, and tactics that allow the exercise of this very specific, albeit very complex, power that has the population as its target, political economy as its major form of knowledge, and apparatuses of security as its essential technical instrument'.²¹ (This, as I shall discuss in more detail below, is a peculiar definition because it refers not to governmentality in general but to what Foucault will go on to identify specifically as classical liberal governmentality.) The second meaning that Foucault attaches to the term "governmentality" refers to the tendency in Western society 'towards the pre-eminence over all other types of power—sovereignty, discipline, and so on—of the type of power that we can call "government"'.²² Third, "governmentality" means 'the result of the process by which the state of justice of the Middle Ages became the administrative state in the fifteenth and sixteenth centuries and was gradually "governmentalized"'.²³ Clearly, then, the notion of governmentality was meant, in the first instance, to refer to a range of historical processes.

However, as shown by Michel Senellart, the editor of the governmentality lectures, the term "governmentality" loses some of its historical and analytical specificity after several lectures, at which point Foucault starts using it in a more

¹⁹ Ibid., 11.

²⁰ Foucault, *Security, Territory, Population*, 108. In "'Omnes et Singulatim'", 312, Foucault similarly speaks of 'the history of this government of individuals'.

²¹ Foucault, *Security, Territory, Population*, 108.

²² Ibid.

²³ Ibid., 108-109.

general sense.²⁴ When used in the latter manner, “governmentality” no longer refers specifically to one art of governing that forges a series of connections between political economy, population and apparatuses of security, but comes to refer to any one art of governing; that is, to any of the several stages in the history of governmentality. This is not to say that the first definition Foucault gives to the term is no longer relevant. On the contrary: what that definition reveals is that, for him, any given governmentality is a determinate historical constellation of institutions, strategies and modes of analysis that is underpinned by a privileged *form of knowledge*, that has a particular *object* as its principal target and that relies upon a specific *set of technologies*. Indeed, it is precisely by analysing their underlying knowledge, their privileged object and their signature technologies that Foucault will go on to identify different governmentalities in their specificity.

Having thus articulated and explained the concept of governmentality, Foucault goes on to develop a genealogy of its modern modalities. In the remainder of *Security, Territory, Population*, he focuses, first, upon a pre-modern form of power, the pastorate of souls, which he considers to be the ‘prelude’ to modern governmental power and, second, upon what he calls the “police state”; a form of governmentality that emerges out of the pastoral model but that centres on the state apparatus.²⁵ He finishes the lecture series with a discussion of ‘a whole new form of governmentality’ that emerges in the eighteenth century; one that he will proceed to name “liberalism” in *The Birth of Biopolitics*, where he analyses it in more depth.²⁶

Before I recount Foucault’s genealogy of modern governmentality, I should like to emphasise that, as Mitchell Dean notes, Foucault is not attempting to compose ‘a

²⁴ Senellart, ‘Course Context’, 387-389. (Cf. Dean, *Governmentality*, 24-30 for a similar argument.) This shift from a specific use of the term to a more general one is often overlooked (e.g. by Judith Revel, *Le vocabulaire de Foucault* (Paris 2002: Ellipses), 38-40), seemingly for two reasons: first, because Foucault offers a clear, tripartite definition in the fourth lecture of *Security, Territory, Population*, which is often quoted without mention of Foucault’s subsequent different usage. Likewise, the broader definition, which Senellart links to the oft-used phrase “the conduct of conduct”, is often used without mention of the more specific definition. Second, because the shift takes place only gradually, and is difficult to pinpoint specifically. The shift starts to become evident from the eighth lecture (of 1 March) of *Security, Territory, Population* onward, where “governmentality” is explicitly linked to the activity of governing people’s conduct for the first time.

²⁵ Foucault, *Security, Territory, Population*, 184.

²⁶ *Ibid.*, 347.

succession of forms of state' where, '[a]t each stage, different philosophies of government would predominate'.²⁷ Rather, as Foucault himself puts it in the course summary to *Security, Territory, Population*:

The course focused on the genesis of a political knowledge that put the notion of population and the mechanisms for ensuring its regulation at the center of its concerns. A transition from a "territorial state" to a "population state"? No, because it did not involve a substitution but rather a shift of emphasis and the appearance of new objectives, and so of new problems and new techniques.²⁸

The history of governmentality is, in other words, a history of shifts, of discontinuities, of problematisations, where the focus should be on elements that get overturned or problems that emerge rather than on wholesale revolutions.²⁹ The methodological implications of this principle will be discussed in the concluding section of the present chapter.

The Birth of Modern Governmentality

For Foucault, modern governmentality emerges out of Christian pastoral techniques.³⁰ Foucault summarises the basic principles of pastoral power, the roots of which he traces to the pre-Christian and then to the Christian East, as follows:

we can say that the idea of a pastoral power is the idea of a power exercised on a multiplicity rather than on a territory. [...] It is therefore a power with a purpose for those on whom it is exercised, and not a purpose for some kind of superior unit like the city, territory, state, or sovereign [..., ed.]. Finally, it is a power directed at all and each in their paradoxical equivalence, and not at the higher unity formed by the

²⁷ Dean, *Governmentality*, 61.

²⁸ Foucault, *Security, Territory, Population*, 363.

²⁹ Cf. Tierney, Thomas F., 'Review Essay: *Security, Territory, Population*', *Foucault Studies* (2008) 5: 90-100, 98-99.

³⁰ Cf. Dean, *Governmentality*, ch. 4; Tierney, 'Review Essay', 94f.

whole.³¹

Foucault then proceeds to connect pastoral power to three distinguishing features. First, its objective is the salvation of individuals; second, it functions through the complete subordination of the individual to the pastor; and third, it requires the pastor to govern according to a divine truth that is hidden to all but the pastor.³² Pastoral power can thus be summarised in one formula: it is a form of power that has the spiritual salvation of “*omnes et singulatim*” (“each and all”) as its objective, that works through complete and individual subordination and that accords to a hidden doctrine of truth.³³ More generally speaking, pastoral power is framed by the theme of naturalness understood as the natural cosmological-theological order created by God. Good pastoral government, in this sense, means governing in accordance with the divinely ordained natural order.

In Foucault’s view, the birth of modern government in the 16th century, which in some ways replaced pastoral power but at the same time adopted some of its techniques and principles, also marks the fading away of the principle of nature as the guiding principle of government. Instead, ‘nature is severed from the governmental theme’ and we are confronted, for the first time in Western history, with the emergence of a separate and novel theme altogether: reason of state, or *raison d’État*.³⁴ Those who theorised *raison d’État* were at the time known as “*les politiques*”, the ‘people who share a particular way of thinking, a way of analyzing, reasoning, calculating, and conceiving of what a government must do and on what

³¹ Foucault, *Security, Territory, Population*, 129.

³² *Ibid.*, 166-185.

³³ This summary is quite different from the way in which Foucault characterises pastoral power in *ibid.*, 125-129 and in “*Omnes et Singulatim*”, 301-303. The elements outlined in these passages describe pastoral power by focusing on ‘the contrast with Greek political thought’ and the government of the *polis* (“*Omnes et Singulatim*”, 301). The elements I have drawn from pages 166-185 of *Security, Territory, Population* connect more directly with the themes that modern governmental power draws upon. This is evidenced by the fact that textually, this is the point where Foucault turns from pastoral power, through the notions of “conduct” and “counter-conduct”, to the ‘political government of men’ (*ibid.*, 227). By focusing on the characteristics listed in the earlier passages and in “*Omnes et Singulatim*”, as Dean does for instance (see *Governmentality*, 91; 96-99), one runs the risk of overlooking some of the crucial shifts from pastoral power to governmental power, such as the shift from government according to (revealed) truth to government according to (scientific) rationality.

³⁴ Foucault, *Security, Territory, Population*, 237.

form of rationality it can rest'.³⁵ Foucault labels the form of governmentality put forward by these authors the "police state" (from the German *Polizeistaat*).³⁶ The basic object (by which I mean both the privileged object of its reflections and the objective of its governmental techniques) of the police state, or of *raison d'État*, is the state itself: 'what is involved is essentially identifying what is necessary and sufficient for the state to exist and maintain itself in its integrity'.³⁷

Another crucial change that takes place with the shift from pastoral power to modern governmentality is the introduction of what Foucault calls "governmental rationality" (*rationalité gouvernementale*). Thus, while pastoral government prescribes that the pastor should govern according to the dictum of (divinely ordained) truth, the *politiques* introduce reason, or rationality (Foucault uses the two terms—*raison* and *rationalité*—interchangeably at this point and elsewhere),³⁸ as the principle of government. This becomes clear from the very notion of *raison d'État*, which prescribes a proper way of governing based entirely upon a certain way of reasoning—a way of reasoning, furthermore, that is attributed to *the state itself*.

What, then, are the central features of the governmentality of the police state? First, it is grounded in a fundamentally different understanding of government. While pastoral power relied on a 'great cosmological-theological framework', the *politiques* introduce 'a non-naturalness, an absolute artificiality' into governmental conduct.³⁹ Government, differently put, relies not on letting nature run its course but on intervening constantly in processes that are considered wholly artificial. As

³⁵ Ibid., 246.

³⁶ In the context Foucault is concerned with, the word "police" has a meaning different from the institution we are familiar with today. "Police" should here be understood as 'the ensemble of mechanisms serving to ensure order, the properly channeled growth of wealth, and the conditions of preservation of health "in general"'. (Foucault, *Security, Territory, Population*, 329n1; cf. 312-314. Cf. Foucault, "Omnes et Singulatim", 317; Dean, *Governmentality*, 107-115.)

³⁷ Foucault, *Security, Territory, Population*, 258. Cf. Foucault, "Omnes et Singulatim", 316; Foucault, *Birth of Biopolitics*, 318.

³⁸ Revel similarly notes that *raison* and *rationalité* are inherently linked in Foucault's work, but also remarks that 'la confusion raison/rationalité est précisément l'un des mécanismes de pouvoir qu'il s'agit de décrire [the confusion between reason and rationality is precisely one of the mechanisms of power that must be described]'. (*Le vocabulaire de Foucault*, 52.) See also Cornelissen, Lars, 'What is Political Rationality?', *Parrhesia* 29 (forthcoming).

³⁹ Foucault, *Security, Territory, Population*, 349.

Foucault summarises one of the earliest treatises on *raison d'État*: 'The weakness of human nature and men's wickedness mean that nothing could be maintained in the republic if there were not at every point, at every moment, and in every place a specific action of *raison d'État* assuring a concerted and reflected government.'⁴⁰

Second, the form of knowledge according to which the police state governs entails the 'calculation of forces, or diplomatic calculations'.⁴¹ Such calculations constitute 'knowledge of the things that comprise the very reality of the state' and this knowledge 'is precisely what at the time was called "statistics"'. Statistics (the etymology of which Foucault links to 'knowledge of the state') thus composes 'a set of technical knowledges that describes the reality of the state itself', without which governors are incapable of governing.⁴² Crucially, statistics is a form of knowledge of the state that the state itself produces and is therefore *internal* to the state. In order for statistics to be gathered, an 'administrative assemblage' must be in place, the name of which is "police". 'Police', in this account, 'makes statistics necessary, but police also makes statistics possible'.⁴³

Third, the privileged object of this form of governmentality is no longer the community understood as a flock, but the population of a territory.⁴⁴ This is to say that because the police state is concerned with its own maintenance, it must work to protect the individuals who make up the state. While, as Foucault acknowledges, the notion of "population" as a distinct theoretical category has not yet emerged, and while the *politiques* speak of the "state" instead, he considers the population to be 'virtually present' nevertheless.⁴⁵ He goes on to explain that the *politiques* understood population essentially in terms of 'number, work, and docility'; knowledge concerning which is produced by statistics.⁴⁶ The primary objective of

⁴⁰ Ibid., 259.

⁴¹ Ibid., 350.

⁴² Ibid., 274. Cf. Foucault, "*Omnes et Singulatim*", 317.

⁴³ Foucault, *Security, Territory, Population*, 315.

⁴⁴ Cf. Curtis, Bruce, 'Foucault on Governmentality and Population: An Impossible Discovery', *Canadian Journal of Sociology* 27 (2002) 4: 505-533; Donzelot, Jacques, 'Michel Foucault and Liberal Intelligence', transl. G. Burchell, *Economy and Society* 37 (2008 [2007]) 1: 115-134.

⁴⁵ Ibid., 277. Foucault develops this position further in a 1982 lecture called 'The Political Technology of Individuals', where he notes that J.H.G. von Justi, one of the most prominent *politiques*, in fact does talk about the population in his *Elements of Police*. See Foucault, Michel, 'The Political Technology of Individuals', in: *Essential Works*, vol. 3: 403-417.

⁴⁶ Foucault, *Security, Territory, Population*, 351.

the police state, accordingly, is 'the quantitative development of the population in relation to the resources and possibilities of territory occupied by this population'.⁴⁷ More than merely safeguarding the population's size, however, the police state also endeavours to keep the population alive, healthy, active (which is to say industrious) and happy.⁴⁸ In brief, the population is conceived (albeit implicitly) as the object of a meticulous art of government.

Fourth and finally, the police state works primarily through disciplinary technologies. In order to govern the population in a rational manner, the police state deploys rules and regulations. It 'intervenes in a regulatory manner' and hence '[w]e are in the world of the regulation, the world of discipline'.⁴⁹ Despite being regulatory in nature, these technologies involve meticulous and constant government on an individual level; government that, Foucault adds, comes 'always in that kind of form that, if not judicial, is nevertheless juridical: the form of the law, or at least of law as it functions in a mobile, permanent, and detailed way in the regulation'.⁵⁰ The political technology of police state governmentality, in other words, forges a connection between the apparatus of the law and the necessity to regulate individual bodies meticulously and constantly.

In sum, the police state is a form of governmentality that governs intensely, artificially and on the level of the individual. Its governmental practice is based on the internal rationality of the state itself, on *raison d'État*, and such government is, in principle, unlimited. This comes to the fore clearly when Foucault summarises this form of governmentality in *The Birth of Biopolitics*, where he asserts that the police state

entails precisely an objective or set of objectives that could be described as unlimited, since for those who govern in the police state it is not only a matter of taking into account and taking charge of the activity of groups and orders, that is to say, of different types of individuals with their particular status, but also of taking charge of activity at the most detailed,

⁴⁷ Ibid., 324.

⁴⁸ See *ibid.*, 323-328.

⁴⁹ Ibid., 340. Cf. Foucault, 'The Political Technology of Individuals', 415.

⁵⁰ Foucault, *Security, Territory, Population*, 340.

individual level.⁵¹

He goes on to note that this does not mean that the unlimited government of the state is not challenged—on the contrary, ‘there are constant attempts to limit *raison d’État*, and the principle or reason of this limitation is found in juridical reason. But you can see that it is an *external* limitation.’⁵²

Liberal Governmentality

The question of the limitation of government is crucial, because it forms the major point of contention between the police state and liberal governmentality. Indeed, for Foucault, the latter first takes shape as a critique of unlimited government; a critique that ‘consists in establishing a principle of limitation that will no longer be extrinsic to the art of government, as was law in the seventeenth century, [but, ed.] intrinsic to it: an internal regulation of governmental rationality’.⁵³

Foucault discusses this critique in the final lecture (of 5 April) of *Security, Territory, Population*. He begins by introducing a group of authors he terms the “*économistes*”⁵⁴ who, during the first half of the 18th century, start developing a critique of the police state and, in doing so, introduce us ‘to some of the fundamental lines of modern and contemporary governmentality’; that is, liberal governmentality.⁵⁵ Liberalism, in this context, refers not to a certain political philosophy or ideology; rather, liberalism, as he notes in the course summary to *The Birth of Biopolitics*, ‘is to be analyzed as a principle and method of the rationalization of the exercise of government’.⁵⁶ While it may, in several crucial ways, contain elements of liberal philosophy, liberalism as Foucault seeks to

⁵¹ Foucault, *Birth of Biopolitics*, 7.

⁵² *Ibid.*, 9. Emphasis added.

⁵³ *Ibid.*, 10.

⁵⁴ By “*économistes*”, and by liberalism more generally, Foucault primarily understands a range of authors who formulated a liberal art of government. Foucault’s focus is thus upon classical political economists and the physiocrats, not upon philosophers like John Locke or John Stuart Mill. Cf. Dean, *Governmentality*, ch. 6; Donzelot, ‘Michel Foucault and Liberal Intelligence’; Gordon, ‘Governmental Rationality’.

⁵⁵ *Ibid.*, 348.

⁵⁶ Foucault, *Birth of Biopolitics*, 318. Cf. Dean, *Governmentality*, ch. 2; Gordon, ‘Governmental Rationality’, 14.

analyse it must first and foremost be understood as a distinct art of government.

Foucault opens his analysis by noting that the *économistes* do not reject the doctrine of *raison d'État* wholesale. Rather, they forward an understanding of '*raison d'État* modified by this new thing, by this new domain that was emerging: the economy'.⁵⁷ He goes on to identify five modifications to *raison d'État* that the liberals undertake. First, they develop a novel understanding of the nature of the processes that constitute society. Thus, in direct opposition to the doctrine of the *politiques*, who hold these processes to be entirely artificial, the *économistes* peg governmental reasoning to a principle of naturalism. Foucault notes that the naturalness thus introduced 'is not the naturalness of processes of nature itself, as the nature of the world, but processes of a naturalness specific to relations between men, to what happens spontaneously when they cohabit, come together, exchange, work, and produce'.⁵⁸ He goes on to assert that the *économistes* term the ensemble of these spontaneous processes "civil society", which they conceptualise as a domain that exists separate from the state. While liberalism thus re-introduces naturalism into government, this should not be seen as a straightforward return to the pastoral model. That is, whereas the naturalism underpinning the latter flows from a specific understanding of providential destiny that assigns each individual member of the religious community his or her lot, the liberals reject such a notion, instead viewing society and its constituent processes as natural and spontaneous.⁵⁹

Second, whereas, for police state governmentality, statistics—which is *internal* to the state—functions as the privileged source of governmental knowledge, the *économistes* articulate government to political economy, which they see as the sole science capable of grasping the natural processes that constitute the social order. Foucault stresses that, at this point, political economy takes on the mantle of an

⁵⁷ Foucault, *Security, Territory, Population*, 348.

⁵⁸ *Ibid.*, 349.

⁵⁹ This is not to say that the liberals do not rely upon a theological understanding of the natural order. The point, rather, is that their theological outlook differs crucially from the one grounding the pastoral model in that they view the natural laws that govern the social world as part of a deistic, providential order. On this topic, see Foucault, *Birth of Biopolitics*, 278f; Agamben, Giorgio, *The Kingdom and the Glory: For a Theological Genealogy of Economy and Government (Homo Sacer II,2)*, transl. L. Chiesa (Stanford, CA 2011 [2007]: Stanford University Press), Appendix; Cornelissen, Lars, 'The Secularization of Providential Order: F. A. Hayek's Political-Economic Theology', *Political Theology* 18 (2017) 8: 660-676.

exact science, meaning on the one hand that the political-economic knowledge upon which government is based 'must be scientific in its procedures', and on the other that if government fails to abide by this knowledge, 'it is literally mistaken, and mistaken in scientific terms'.⁶⁰ Contrary to statistics, however, political-economic knowledge exists *external* to the state, constituting a discourse *about* government that nevertheless does not originate *from* government. 'You have a science which is, as it were, tête-à-tête with the art of government, a science that is external to the art of government and that one may perfectly well found, establish, develop, and prove throughout, even though one is not governing or taking part in this art of government.'⁶¹ Whether or not one governs rationally will, under liberalism, depend not upon the state's knowledge of itself, but upon the dictates of political economists.

Third, the privileged object of this new governmentality is the population, but 'the problem of population' appears in a new form.⁶² Instead of being a 'virtual' population understood as an aggregate of bodies whose number, health and happiness must be regulated, the population comes to appear as being 'subject to natural processes' and as having 'a natural density and thickness'.⁶³ The population, in other words, is understood by the *économistes* as one of the natural processes that together make up society and is, accordingly, subject to natural laws of growth and diminution that can be known by the political economist and governed by the state. Indeed, 'if population really is endowed with this naturalness, this thickness, with internal mechanisms of regulation, then this will be the reality that the state will have to be responsible for, rather than individuals who must be subjugated and subject to imposed rules and regulations'.⁶⁴

Fourth, the *économistes* reject the governmental technologies that were central to the police state. Indeed, if the social processes that constitute society are to develop according to their natural, spontaneous laws, 'intervention of state

⁶⁰ Foucault, *Security, Territory, Population*, 351.

⁶¹ *Ibid.*, 351. Cf. Dean, *Governmentality*, 134ff; Donzelot, 'Michel Foucault and Liberal Intelligence', 122.

⁶² Foucault, *Security, Territory, Population*, 351.

⁶³ *Ibid.*, 352.

⁶⁴ *Ibid.*

governmentality will have to be limited'.⁶⁵ Thus, whereas the police state intervened directly and constantly through disciplinary techniques, the liberals consider it 'necessary to arouse, to facilitate, and to *laissez faire*, in other words to manage and no longer control through rules and regulations'.⁶⁶ Accordingly, disciplinary mechanisms will no longer be the primary technologies of government and will make way for mechanisms of security, which neither prohibit nor prescribe, as disciplinary mechanisms do. 'The essential objective of this management will be not so much to prevent things as to ensure that the necessary and natural regulations work, or even to create regulations that enable natural regulations to work.'⁶⁷ The central purpose of the technology known as *laissez-faire* is the carving out of a separate sphere that must be kept free from intervention so that it may function according to the natural laws that govern it. Outside of the economic domain, this governmentality does require governmental intervention, but when it comes to economic processes, this intervention must essentially become negative. As a consequence, the principle of police changes, ceasing to be that which regulates and instead taking shape as a set of 'instruments for ensuring the prevention or repression of disorder, irregularity, illegality, and delinquency'.⁶⁸

The final feature of liberal governmentality consists in the attempt to rearticulate the notion of freedom and its relation to governmental reason. For liberalism, Foucault asserts, 'a condition of governing well is that freedom, or certain forms of freedom, are really respected. Failing to respect freedom is not only an abuse of rights with regard to the law, it is above all ignorance of how to govern properly.'⁶⁹ This means that, in the liberal model, freedom becomes a principle that is *internal* to governmentality; it becomes, that is, not merely a matter of rights that set limits to government from a position of externality, but a matter of governing with, through and in the name of freedom. To govern, for

⁶⁵ Ibid., 352. Cf. Dean, *Governmentality*, 61ff; Donzelot, 'Michel Foucault and Liberal Intelligence', 122. For an intriguing account of Foucault's understanding of the relationship between liberal governmentality and the problem of limits, see Mitropoulos, Angela, *Contract and Contagion: From Biopolitics to Oikonomia* (Wivenhoe 2012: Minor Compositions), 135ff.

⁶⁶ Foucault, *Security, Territory, Population*, 353.

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ Ibid., 353.

liberals, precisely means to demarcate a space of natural freedom within society and to respect and police the limits of this space. However, seeing as the demarcation of this space is an objective of governmental conduct, it follows that natural freedom, in this account, is actively to be generated and preserved. Indeed, for liberalism, as Jacques Donzelot puts it, 'there is no freedom that is not produced, that is not to be constructed'.⁷⁰

In sum, with the *économistes*' critique of the police state, liberal governmentality is born. This form of governmentality conforms, as already noted, to the first general definition Foucault gives of governmentality in that it relies centrally upon political-economic knowledge, takes the population as its object and deploys technologies of security, foremost amongst which is *laissez-faire*. Each of these factors is grounded in a certain naturalistic ontology and each is articulated to a particular conception of freedom.

Liberalism in The Birth of Biopolitics

In the course summary of *The Birth of Biopolitics*, Foucault reveals why, in spite of its title, he ended up devoting that entire series not to biopolitics but to various strands of liberalism. He insists that while his intention was indeed to discuss the "birth" of "biopolitics", he soon felt that the problems posed by biopolitics 'were inseparable from the framework of political rationality within which they appeared and took on their intensity. This means "liberalism," since it was in relation to liberalism that they assumed the form of a challenge.'⁷¹ Although biopolitics continually looms large in the background,⁷² the real object of analysis is liberal governmentality in its various historical iterations.

Foucault begins his analysis by returning to the birth of liberal governmentality in the 18th century; a topic he approaches, as already noted, through the question of limits to government. Under the liberal model, governmental reason

⁷⁰ Donzelot, 'Michel Foucault and Liberal Intelligence', 122. Cf. Flew, Terry, 'Michel Foucault's *The Birth of Biopolitics* and Contemporary Neo-Liberalism Debates', *Thesis Eleven* 108 (2012) 1: 44-65, 51f; Mitropoulos, *Contract and Contagion*, 136.

⁷¹ Foucault, *Birth of Biopolitics*, 317.

⁷² Cf. Gudman-Høyer, Marius & Thomas Lopdrup Hjorth, 'Liberal Biopolitics Reborn', *Foucault Studies* 7 (2009): 99-130; Revel, *La vocabulaire de Foucault*, 13-14; Tierney, 'Review Essay: Security, Territory, Population', 91.

will turn on how not to govern too much. The objection is no longer to the abuse of sovereignty but to excessive government. And it is by reference to excessive government, or at any rate to the delimitation of what would be excessive for a government, that it will be possible to gauge the rationality of governmental practice.⁷³

Because this model revolves centrally around the question of limits, Foucault refers to it as ‘critical governmental reason’.⁷⁴

Foucault proceeds to explore in some more detail several aspects of liberal governmentality that the analysis presented in *Security, Territory, Population* had left aside. The first aspect he treats in detail is the liberal conception of the market. Whereas, Foucault explains, the market was previously seen as a ‘site of jurisdiction’ where, with the help of fixed prices, goods and wealth could be distributed in a just manner, it now ‘appeared as something that obeyed and had to obey “natural,” that is to say, spontaneous mechanisms’.⁷⁵ For liberal political economy, these natural processes function in such a way that the prices that the marketplace yields in are, in a certain sense, “true prices”; prices, that is, that result from and thus conform to a natural distribution. The market thus becomes ‘constituted as a site of veridiction’ and as such ‘enables us to discern which governmental practices are correct and which are erroneous’.⁷⁶ Political economy, in other words, constructs the market as the tool for ascertaining whether or not government adheres to truth—whether, in other words still, it operates *rationally*.

This conception of the market, Foucault continues, relies upon a particular understanding of interests. Indeed, liberal government ‘is something that works with interests’, which is to say that it must reckon with ‘a complex interplay between individual and collective interests, between social utility and economic profit, between the equilibrium of the market and the regime of public authorities,

⁷³ Foucault, *Birth of Biopolitics*, 13.

⁷⁴ Ibid. See also *ibid.*, 283ff.

⁷⁵ Ibid., 31.

⁷⁶ Ibid., 33, 32. Cf. Brown, Wendy, *Undoing the Demos: Neoliberalism’s Stealth Revolution* (New York 2015: Zone Books), 58; Flew, ‘Foucault’s *The Birth of Biopolitics*’, 50ff.

between basic rights and the independence of the governed'.⁷⁷ This is crucial because, for liberalism, the market is the space where individual interests intersect and convene, thus spontaneously (indeed, naturally) giving rise to the production, exchange, and consumption of commodities and wealth.

When, in short, Foucault extends his account of liberal governmentality during the first few lectures of *The Birth of Biopolitics*, his focus is primarily upon certain specific aspects of liberal political economy. This, as I shall make clear, is of great significance because neoliberalism, as Foucault sees it, develops in the first instance out of a critique of liberal political-economic orthodoxy.

Neoliberal Governmentalities

For Foucault, neoliberal governmentality must be seen as a variant of liberal governmentality. Neoliberalism, that is, adopts many of classical liberalism's central aspects, including, for instance, a focus on the critique of excessive government, the privileging of economic knowledge and, above all, the view that government must actively seek to produce individual freedom. At the same time, however, neoliberalism constitutes an internal critique of liberalism and emerges in response to a perceived crisis of liberal governmentality that reaches its zenith in the 1930s. In order to grasp which aspects of liberalism the neoliberals reject according to Foucault, it is crucial to follow closely his historical account of neoliberalism's emergence, starting with a closer analysis of what he calls a 'crisis of liberalism'.⁷⁸

The crisis of liberalism that, in Foucault's eyes, prompted the restatement of liberal thought revolves essentially around the accidental or surreptitious production of *unfreedom* by various forms of liberal governmentality. For the neoliberals, this crisis is twofold: on the one hand, they believe that *laissez-faire* liberalism, as put into practice in the 19th century, led to monopolisation and cartel-formation in the marketplace. For them, then, the politics of *laissez-faire* paradoxically inhibits or even destroys economic freedom by endangering the formation of prices by the market mechanism. On the other hand, market failure

⁷⁷ Foucault, *Birth of Biopolitics*, 44.

⁷⁸ *Ibid.*, 69.

caused by *laissez-faire* policy in turn led to the emergence of interventionism aimed at the redistribution of wealth or full employment through collectivist planning. These practices, for neoliberals, similarly threaten economic freedom because they undermine free exchange and competition. Speaking generally, then, neoliberalism emerges, in Foucault's view, in response to 'types of intervention and modes of action which are as harmful to freedom as the visible and manifest political forms one wants to avoid'.⁷⁹

Neoliberalism, concisely put, is a critique of contemporary forms of interventionism that aims to restate liberalism without repeating the mistakes that were made by classical political economy. This is not to say that neoliberalism takes on a homogeneous form or that the crisis of liberalism took shape similarly in different contexts. For this reason, Foucault studies both German ordoliberalism and Chicago School neoliberalism, the latter of which he tends to refer to as "American neoliberalism". Although these two variants of neoliberalism are both underpinned by the desire to restate liberalism and although they are constantly in conversation with one another, they nevertheless display differences large enough to justify speaking of them as separate analytical projects. In the final analysis, however, Foucault is concerned more with their points of overlap than he is with their divergences.⁸⁰

Foucault starts his discussion of German ordoliberalism by offering an overview of the context of its emergence.⁸¹ After the Second World War, he asserts, Western

⁷⁹ Foucault, *Birth of Biopolitics*, 69. Cf. Biebricher, Thomas, 'Neoliberalism and Democracy', *Constellations* 22 (2015) 2: 255-266, 256f; Dardot, Pierre & Christian Laval, *The New Way of the World: On Neoliberal Society*, transl. G. Elliott (London 2013 [2009]: Verso), ch. 1; Gertenbach, *Die Kultivierung des Marktes*, 128ff.

⁸⁰ Serge Audier takes Foucault to task for portraying neoliberalism as too homogeneous a set of theories. What is more, he insists that one must distinguish between three distinct schools rather than two. See Audier, Serge, *Néo-libéralisme(s): Une archéologie intellectuelle* (Paris 2012: Bernard Grasset), 55f.

⁸¹ In his discussion of German ordoliberalism, Foucault breaks 'a bit from [his] habits and give[s] a few biographical details about these people' (*Birth of Biopolitics*, 102). He lists Walter Eucken, Franz Böhm, Alfred Müller-Armack, Wilhelm Röpke, Alexander Rüstow and F.A. Hayek as the most important exponents of ordoliberalism. As several commentators have observed, Foucault's historical account of the ordoliberals is at times empirically inaccurate. See Audier, *Néo-libéralisme(s)*, ch. 3; Audier, Serge, *Penser le "néolibéralisme": Le moment néolibéral, Foucault et la crise du socialisme* (Lormont 2015: Le bord de l'eau), ch. 1; Audier, Serge, 'Neoliberalism Through Foucault's Eyes', transl. M.C. Behrent, *History and Theory* 54 (2015): 404-418; Tribe, Keith, 'The Political Economy of

Germany was confronted by a unique problem: it had to construct, *ex nihilo*, a state apparatus and an economic order. The man put in charge of the nation's economic reconstruction was Ludwig Erhard, who proceeded to convene a Scientific Council in 1947. In April of the following year, this council called for the immediate deregulation of prices and the unilateral abolition of price controls. This policy, which was unfolded over the five years to come, led to what is commonly known as the West-German "*Wirtschaftswunder*" ("economic miracle"). Which mode of reasoning, Foucault asks, drove these reforms?

What Erhard and the Scientific Council tried to do, in Foucault's reading, was to ground the legitimacy of the fledgling West-German state first and foremost in economic growth. In this view, 'only a state that recognizes economic freedom and thus makes way for the freedom and responsibility of individuals can speak in the name of the people'.⁸² The crucial question, however, is what exactly it means for the state to recognise economic freedom. For classical liberalism, this means recognising that economic processes will develop naturally if (and only if) they are left alone, which in turn requires the carving out of a space where they can play out according to their natural laws. The ordoliberalists, however, reject this view, which they consider to be based upon 'what could be called a "naive naturalism"', that is, a doctrine that views exchange as a natural phenomenon.⁸³ To this view they oppose an altogether different understanding of economic order; one that turns, for Foucault, upon a reconceptualisation of the nature of competition. For the ordoliberalists, '[t]he game, mechanisms, and effects of competition which we identify and enhance are not at all natural phenomena; competition is not the result of a natural interplay of appetites, instincts, behavior, and so on'.⁸⁴ Rather, Foucault goes on, ordoliberalism sees competition as 'an essence', 'an *eidōs*', or 'a principle of formalization'.⁸⁵ Here Foucault detects the influence of Edmund Husserl, saying:

Just as for Husserl a formal structure is only given to intuition under

Modernity: Foucault's Collège de France Lectures of 1978 and 1979', *Economy and Society* 38 (2009) 4: 679-698.

⁸² Foucault, *Birth of Biopolitics*, 82.

⁸³ *Ibid.*, 120.

⁸⁴ *Ibid.*

⁸⁵ *Ibid.*

certain conditions, in the same way competition as an essential economic logic will only appear and produce its effects under certain conditions which have to be carefully and artificially constructed. This means that pure competition is not a primitive given. It can only be the result of lengthy efforts and, in truth, pure competition is never attained. Pure competition must and can only be an objective, an objective thus presupposing an indefinitely active policy. Competition is therefore an historical objective of governmental art and not a natural given that must be respected.⁸⁶

Ordoliberalism, in Foucault's account, is thus opposed to the politics of *laissez-faire* and should instead be identified 'with permanent vigilance, activity, and intervention'.⁸⁷ Yet, the intervention advocated by ordoliberals must not be confused with intervention *in* the market. Instead, government 'has to intervene on society [*sur cette société*] so that competitive mechanisms can play a regulatory role at every moment and every point in society and by intervening in this way its objective will become possible, that is to say, a general regulation of society by the market'.⁸⁸ Foucault's phrasing is crucial: government has to intervene *on* society—not *in* it. Such intervention, he goes on to explain, is a twofold nature, being at once political and moral. Politically, intervention upon society involves the introduction of 'the general principles of the Rule of Law into economic legislation', meaning that 'the state can make legal interventions in the economic order only if these legal interventions take the form solely of the introduction of formal principles'.⁸⁹ The task of government, in other words, is the construction of what ordoliberals refer to as 'the *Wirtschaftsordnung*, or "the economic constitution"'; that is, a legal framework, constructed through formal legislation, which establishes the

⁸⁶ Ibid. See also Dardot & Laval, *The New Way of the World*, 83f; Dean, Mitchell, *The Signature of Power: Sovereignty, Governmentality and Biopolitics* (Los Angeles, CA 2013: SAGE), 54, 181-182; Gertenbach, *Die Kultivierung des Markets*, 44f; Oksala, Johanna, 'Foucault, Husserl, and the Philosophical Roots of German Neoliberalism', *Contemporary Philosophical Review* (2016) 49: 115-126; Oksala, Johanna, 'Ordoliberalism as Governmentality', in: Biebricher, Thomas & Frieder Vogelmann (eds.), *The Birth of Austerity: German Ordoliberalism and Contemporary Neoliberalism* (London 2017: Rowman & Littlefield): 181-196.

⁸⁷ Foucault, *Birth of Biopolitics*, 132.

⁸⁸ Ibid., 145.

⁸⁹ Ibid., 171.

necessary conditions of competition.⁹⁰ This is necessary, Foucault explains, because ordoliberalism holds that 'economic processes only really exist, in history, insofar as an institutional framework and positive rules have provided them with their conditions of possibility'.⁹¹

The second type of intervention that ordoliberals call for is of a moral nature. Such intervention departs from the belief that economic competition, although it is beneficial for the economic life of society, is simultaneously morally divisive, potentially causing especially the proletarianised labourer to be 'alienated from his work environment, from the time of his life, from his household, his family, and from the natural environment'.⁹² The ordoliberals thus advocate 'the reconstruction of a set of what could be called "warm" moral and cultural values which are presented precisely as antithetical to the "cold" mechanism of competition'.⁹³ Foucault connects this type of social intervention to what Alexander Rüstow, one of the leading ordoliberals, calls "*Vitalpolitik*", a 'politics of life' tasked with 'constructing a social fabric' that can prevent society from succumbing to the corrupting forces of competition.⁹⁴

For Foucault, in short, ordoliberalism comprises a governmental programme that arises out of a critique of the naturalism underpinning classical liberalism and that replaces the technology of *laissez-faire* with one that requires constant intervention of a formal nature. 'Broadly speaking', he summarises, 'according to the ordoliberals the present historical chance of liberalism is defined by a combination of law, an institutional field defined by the strictly formal character of interventions by the public authorities, and the unfolding of an economy whose processes are regulated by pure competition'.⁹⁵

After his analysis of ordoliberalism, Foucault turns to Chicago School neoliberalism, to which he dedicates three lectures (of 14, 21 and 28 March). He

⁹⁰ Ibid., 167. Cf. Dardot & Laval, *The New Way of the World*, ch. 3; Gertenbach, *Die Kultivierung des Marktes*, 93ff; Lemke, Thomas, "'The Birth of Bio-Politics": Michel Foucault's Lecture at the Collège de France on Neo-Liberal Governmentality', *Economy and Society* 30 (2001) 2: 190-207, 193.

⁹¹ Foucault, *Birth of Biopolitics*, 163.

⁹² Ibid., 242.

⁹³ Ibid.

⁹⁴ Ibid., 148. Cf. Biebricher, Thomas, 'The Biopolitics of Ordoliberalism', *Foucault Studies* (2011) 12: 171-191; Dean, *Governmentality*, 71; Gordon, 'Governmental Rationality', 42.

⁹⁵ Foucault, *Birth of Biopolitics*, 179.

pays particular attention to the American neoliberals' reformulation of the figure of *homo oeconomicus* as an "entrepreneurial self", which he sees as a thoroughgoing reformulation of the classical liberal subject. This novel conception of the subject, he argues, allows for the extension of economic analysis to 'a whole domain previously thought to be non-economic'.⁹⁶

In searching for the contours of the neoliberal conception of subjectivity, Foucault turns his attention towards human capital theory; a theory that, in his view, is premised upon a wholesale re-evaluation of the boundaries of economics as a science. Classical political economy, 'from Adam Smith to the beginning of the twentieth century, broadly takes as its object the study of the mechanisms of production, the mechanisms of exchange, and the data of consumption within a given social structure, along with the interconnections between these three mechanisms'.⁹⁷ The American neoliberals, Foucault proceeds to contend, set out to broaden the scope of economic analysis so that it now studies not mechanisms of production or exchange, but the economic subject itself and its behaviour. In other words, economics now 'adopts the task of analyzing a form of human behavior and the internal rationality of this human behaviour'.⁹⁸

Foucault traces the earliest roots of this shift to a 1932 text by Lionel Robbins, entitled *An Essay on the Nature and Significance of Economic Science*, which proposes the following 'definition of the object of economics':

"Economics is the science of human behavior as a relationship between ends and scarce means which have mutually exclusive uses." You can see that this definition of economics does not identify its task as the analysis of a relational mechanism between things or processes, like capital, investment, and production, into which, given this, labor is in some way inserted only as a cog; it adopts the task of analyzing a form of human behavior and the internal rationality of this human behavior.⁹⁹

For Foucault, Robbins's definition marked an 'epistemological mutation' that

⁹⁶ Ibid., 219.

⁹⁷ Ibid., 222.

⁹⁸ Ibid., 223.

⁹⁹ Ibid., 222-223.

fundamentally changed ‘what constituted in fact the object, or domain of objects, the general field of reference of economic analysis’.¹⁰⁰ (I take up and critically evaluate Foucault’s discussion of Robbins’s *Essay* in the seam that separates the two parts of this dissertation.)

Foucault goes on to argue that in the hands of American human capital theorists such as Theodore Schultz and Gary S. Becker, this definition allows for a further reconceptualisation of human behaviour. Indeed, the analysis of human capital does not revolve around the exchange of goods, whether it concerns commodities in a marketplace or the exchange of labour power for a wage. Instead it analyses how the economic subject goes about securing an income and, accordingly, how this subject behaves in securing this income. The shift from wage to income is crucial, in Foucault’s view, because the notion of income can be articulated to the logic of capital, which now comes to refer to ‘everything that in one way or another can be a source of future income’.¹⁰¹ Thus, the concept of labour power is displaced by ‘a conception of capital-ability which, according to diverse variables, receives a certain income that is a wage, an income-wage, so that the worker himself appears as a sort of enterprise for himself’.¹⁰² Importantly, this gesture allows for the economic analysis of a range of forms of behaviour that would previously have been considered non-economic, such as ‘educational investments, whether this involves school instruction strictly speaking, or professional training’, ‘family life’ or ‘criminality and delinquency’.¹⁰³

The American neoliberals, then, redefine the notion of *homo oeconomicus* so that it no longer merely signifies the subject who navigates the specifically designated space of the market and who, for that reason, government must *laissez faire*. Instead, *homo oeconomicus* is now the subject who behaves in ways that influence its future income; that is, the subject who invests in its human capital in each sphere of its life. For the American neoliberals, Foucault adds, such

¹⁰⁰ Ibid., 222. Translation amended. Cf. Gertenbach, *Die Kultivierung des Marktes*, 118-119n319; Tribe, ‘The Political Economy of Modernity’, 692.

¹⁰¹ Foucault, *Birth of Biopolitics*, 224.

¹⁰² Ibid., 225.

¹⁰³ Ibid., 229, 230, 219. Cf. Dardot & Laval, *The New Way of the World*, 167ff; Gertenbach, *Die Kultivierung des Marktes*, 105ff; Feher, Michel, ‘Self-Appreciation; or, The Aspirations of Human Capital’, transl. I. Ascher, *Public Culture* 21 (2009 [2007]) 1: 21-41; Gordon, ‘Governmental Rationality’, 44; Lemke, “‘The Birth of Bio-Politics’”, 198f.

entrepreneurial behaviour is synonymous with rationality. Indeed, 'rational conduct' comes to be defined as 'any purposeful conduct which involves, broadly speaking, a strategic choice of means, ways, and instruments'.¹⁰⁴ This is a crucial element of neoliberal governmentality, in Foucault's view, because with this 'colossal definition' of economic rationality emerges 'the possibility of integrating within economics a set of techniques, those called behavioral techniques'.¹⁰⁵ These techniques consist 'in seeing how, through mechanisms of reinforcement, a given play of stimuli entail responses whose systematic nature can be observed and on the basis of which other variables of behavior can be introduced'.¹⁰⁶

This understanding of economic rationality, in other words, makes it possible to govern individual conduct through the production of environmental stimuli. For Foucault, this means that the relationship between government and *homo oeconomicus* has now been reversed in its entirety. Indeed, the neoliberal economic subject is the opposite of the subject who must be left alone, appearing instead 'as someone manageable, someone who responds systematically to systematic modifications artificially introduced into the environment. *Homo oeconomicus* is someone who is eminently governable.'¹⁰⁷ As governing takes the form of acting on the environment of individual subjects and of producing the right stimuli, economics accordingly ceases to be the science that tells government that it should leave citizens alone to pursue their economic interests. On the contrary, it becomes the science that tells government how to create the stimuli that are most likely to induce certain modes of conduct.

Let me summarise what the key features of neoliberal governmentality are according to Foucault. First, neoliberals reject the naturalism upon which classical liberal governmentality is premised, arguing instead that economic order is dependent upon a series of preconditions that must actively be constructed by government. This does not, however, entail a return to the understanding of order that underpins police state governmentality, which sees it as the task of government to construct economic order in its entirety. Indeed, whereas the *politiques* understand socio-economic processes to be of an artificial nature, thus

¹⁰⁴ Foucault, *Birth of Biopolitics*, 268-269.

¹⁰⁵ *Ibid.*, 269-270.

¹⁰⁶ *Ibid.*, 270.

¹⁰⁷ *Ibid.*, 270. Cf. Feher, 'Self-Appreciation', 28-29.

requiring constant intervention by the state in the form of police, neoliberals consider the legal *conditions* of economic order to be artificial, not economic order itself.

Second, the primary form of knowledge that grounds neoliberal governmentality is economics. In a sense, then, the status of economics remains the same across liberalism and neoliberalism: it is a science that defines and prescribes what is rational and that is thus in a privileged position to tell government when it governs irrationally. As in classical liberalism, and contrary to the statistics upon which the police state relies, economics remains external to the state and to government. There occurs, nevertheless, a fundamental shift in the understanding of the role of the economist in relation to government. Whereas, for classical liberals, the task of political economy is to impress upon governors that economic order will unfold only when government desists from intervening in the economic sphere, neoliberal economics actively positions itself as a prescriptive science that must dictate which conditions government must produce if it wants economic order to emerge.

Third, the privileged object of neoliberal governmentality is the series of factors that condition the economic life both of the individual actor and of society at large. This is noticeable, first, in the neoliberal understanding of the object of economic analysis, which, in the hands of neoliberals, no longer understands itself as studying the laws peculiar to the economic sphere. Rather, economics, as the ordoliberals understand it, studies the conditions under which a competitive order emerges or, according to the American neoliberals, analyses the manner in which individuals, in all spheres of life, respond systematically to external stimuli. The factors that condition economic processes or economic conduct can, as a result, now 'become the object of governmental intervention'.¹⁰⁸

Fourth, the governmental technologies deployed by neoliberalism shift in accordance with the changes undergone by the privileged object of governmental reason. Thus, seeing as they reject the naturalism inherent in classical liberalism, neoliberals accordingly dismiss the politics of *laissez-faire*. '[I]n classical liberalism', as Foucault observes, 'the government was called upon to respect the form of the market and *laissez-faire*. Here, *laissez-faire* is turned into a *do-not-*

¹⁰⁸ Foucault, *Birth of Biopolitics*, 141.

laissez-faire government.’¹⁰⁹ Neoliberal governmentality, then, requires ‘an indefinitely active policy’ to produce the conditions conducive towards competitive market processes or to provide the stimuli that will prompt individuals to conduct themselves in an entrepreneurial manner.¹¹⁰ Neoliberal government thus avails itself, on the one hand, of legal technologies used to shape a legal framework and, on the other, of ‘environmental’ or ‘behavioral techniques’ meant to regulate individual conduct.¹¹¹

Fifth and finally, whereas the classical liberal *économistes* introduced freedom into governmentality and made it the linchpin of rational government, the neoliberals pose the problem of freedom in different terms; or, more precisely, they reverse the relation between freedom and the state. Whereas classical liberalism strives to ‘establish a space of economic freedom and [to] circumscribe it by a state that will supervise it’, neoliberals frame the problem differently: ‘How can economic freedom be the state’s foundation and limitation at the same time, its guarantee and security?’¹¹² In the latter case, it is not the state that carves out and protects a sphere where economic freedom can be exercised; rather, it is the correct functioning of economic freedom in all spheres of life that provides the state with its legitimacy.¹¹³

In summation, the general contours of liberal governmentality are kept intact by the neoliberal critique of classical liberal doctrine. Neoliberalism, in Foucault’s reading, continues to function as ‘a permanent political criticism of political and governmental action’.¹¹⁴ It continues, moreover, to ground this critique of excessive government in a field of knowledge constituted by economic analysis. Nevertheless, neoliberalism differs from its classical forebear in its precise conception of the nature of economic agency, rationality and order; a difference that entails various far-reaching implications, such as the rearticulation of the central object and the key technologies of government. Neoliberalism, concisely put, ‘is an internal reorganization’ of ‘liberal governmentality’.¹¹⁵

¹⁰⁹ Ibid., 247.

¹¹⁰ Ibid., 120.

¹¹¹ Ibid., 259, 270.

¹¹² Ibid., 115, 102.

¹¹³ Cf. Dean, *Governmentality*, 180-187.

¹¹⁴ Foucault, *Birth of Biopolitics*, 246.

¹¹⁵ Ibid., 94.

Conclusion

In the present chapter, I have provided an overview of Foucault's portrayal, across *Security, Territory, Population* and *The Birth of Biopolitics*, of the history of governmentality. I have contended that the notion of governmentality is the product of Foucault's attempt to formulate an analytics of power, allowing him to trace the transformations undergone by governmental reasoning and governmental practice since the birth of the modern state. I have shown that, in his view, any given form of governmentality can be analysed in its specificity by way of identifying the form of knowledge it draws upon, the object of its analyses and interventions and the techniques it deploys. Crucially, however, each of these elements refers back to a more general field of beliefs about the nature of order and of society. Thus, the shift from the police state to liberalism centrally revolves around a reconceptualisation of the nature of societal processes that develops out of the 'discovery of the existence of spontaneous mechanisms of the economy', while the emergence of neoliberalism is a consequence of the rejection of the naturalism that informs classical liberal doctrine.¹¹⁶

In short, in seeking to locate and examine those events that see the 'critique, dismantling, and break up' of a singular form of governmentality in favour of a novel one,¹¹⁷ Foucault pays specific heed to what, in relation to the emergence of neoliberal governmentality, he calls "epistemological mutations".¹¹⁸ In my view, this indicates that the study of the history of governmentality requires an analytical framework capable of isolating such epistemological mutations and of assessing the implications they carry for the art of government, even if Foucault did not have the opportunity to pursue this avenue of analysis with any rigour. In chapter 3, I contend that the archaeological method, as developed across Foucault's early work, offers such a framework. Then, in the seam that separates the two halves of this thesis, I challenge Foucault's depiction of the epistemological mutation that conditioned the emergence of neoliberalism, followed, in chapters 4 and 5, by an alternative account of the prehistory of neoliberal governmentality.

¹¹⁶ Ibid., 61.

¹¹⁷ Foucault, *Security, Territory, Population*, 341.

¹¹⁸ See Foucault, *Birth of Biopolitics*, 222.

However, before I turn to Foucault's archaeological writings, I wish to identify a way of relating the topic of neoliberal governmentality to the problem of democracy. To this end, I now turn to recent critical receptions of *The Birth of Biopolitics*.

CHAPTER 2: THE ECONOMISATION OF DEMOCRACY

Introduction

In the present chapter, I look at the reception of Foucault's account of neoliberalism in order to look for ways of challenging its limits and, in particular, of relating it to the problem of democracy. This chapter has three objectives. First, I discuss recent Foucault-inspired accounts of neoliberalism with a view to assessing their explanatory potential regarding the relationship between neoliberalism and democracy. This discussion leads me into an in-depth engagement with Wendy Brown's work on neoliberal rationality and de-democratisation, which develops the most convincing approach to the question of neoliberalism's relationship to democracy. Accordingly, the second aim of the chapter is to assess Brown's critique of neoliberalism. On the basis of my engagement with her work, I contend that it provides the foundation for a sustained analysis, first, of processes of what she terms "de-democratisation" and, second, of their relationship to what she terms "neoliberal rationality". I go on to subject Brown's project to critical scrutiny by interrogating her methodological approach to the analysis of neoliberalism. Specifically, I argue that the fact that her analysis is situated at a critical remove from Foucault's account of neoliberalism on the one hand gives it its critical edge, as it allows her to develop an incisive critique of the corrosive effects of neoliberalisation, but, on the other, cuts it off from the rich analytical framework that Foucault developed in his attempt to study governmentality in its historicity. The third aim of this chapter is to identify the parameters of a different way of approaching the relationship between neoliberalism and democracy; one that Brown's project points towards but does not pursue. Such an approach would seek to relate present-day processes of neoliberal de-democratisation to the history of neoliberal thought in order to uncover the philosophical roots of neoliberalism's anti-democratic aspects.

This chapter is structured as follows. In the first section, I turn my attention to two recent attempts to bring Foucault's historical account of neoliberalism up to date: Pierre Dardot and Christian Laval's critique of neoliberal society and Maurizio Lazzarato's work on neoliberal subjectivity. I explore their respective

attempts to link Foucault's lectures on *The Birth of Biopolitics* to the problem of democracy, arguing that, in the final analysis, neither approach offers an analytically robust method for the study of neoliberal de-democratisation. In the second section, I offer a detailed account of Brown's endeavour to construct precisely such a method, focusing on two concepts, "political rationality" and "economisation". In the third section, I discuss the limits of Brown's critique of neoliberal rationality, arguing that the method she develops is insufficiently capable of tracing the history and prehistory of neoliberal rationality. I relate this to her use of the concept of hegemony, which, I argue, sets her analysis at odds with her Foucaultian presuppositions and which makes her overlook the historical dimension of neoliberalism.

Recalibrating Foucault

Recent years have seen a marked increase in scholarly analyses of neoliberalism inspired by Foucault's seminal work; an increase that can be attributed, in part, to the fact that Foucault's lectures on *The Birth of Biopolitics* have become available in written form for the first time (in 2004 in French and German, and 2008 in English).¹ The great majority of Foucault-inspired work on neoliberalism remains close to the account developed in those lectures. This is not to say that this literature lacks variety: it includes straightforward summaries of Foucault's lectures on liberalism and neoliberalism;² critical interrogations of neoliberal

¹ For a detailed overview of the reception that Foucault's account of neoliberalism has received, see Audier, Serge, *Penser le "néolibéralisme": Le moment néolibéral, Foucault et la crise du socialisme* (Lormont 2015: Le bord de l'eau), 13-36. For a discussion of its reception in German and Anglo-American debates, see Gertenbach, Lars, *Die Kultivierung des Marktes: Foucault und die Gouvernementalität des Neoliberalismus*, 3rd ed. (Berlin 2010 [2007]: Parodos), ch. 1. See also my overview of this literature in the introduction to this dissertation.

² See especially Audier, *Penser le "néolibéralisme"*; Gordon, Colin, 'Governmental Rationality: An Introduction', in: Burchell, Graham, Colin Gordon & Peter Miller (eds.), *The Foucault Effect: Studies In Governmentality* (Chicago, IL 1991: University of Chicago Press): 1-52; Lemke, Thomas, "'The Birth of Bio-Politics": Michel Foucault's Lecture at the Collège de France on Neo-liberal Governmentality', *Economy and Society* 30 (2001) 2: 190-201; Tribe, Keith, 'The Political Economy of Modernity: Foucault's Collège de France Lectures of 1978 and 1979', *Economy and Society* 38 (2009) 4: 679-698.

governmentality or neoliberal society;³ analyses of specific neoliberal techniques, arts of government and subjectivities;⁴ and discussions of Foucault's own relationship, as a thinker and an activist, to neoliberal ideas.⁵ While this is a rich body of literature, it has seen few attempts either at interrogating the limits of Foucault's analysis or at bringing it to bear on democratic practices and subjectivity in a systematic way.

Two exceptions to this rule are Dardot and Laval's recent attempt to address some of the lacunae that mark *The Birth of Biopolitics* and Lazzarato's various engagements with the limits of Foucault's understanding of neoliberal governmentality. In the present section, I treat each of these in turn.

Dardot and Laval: Foucault Revised

Dardot and Laval's 2009 *The New Way of the World* 'undertake[s] a study of neoliberalism through the optic of governmentality'.⁶ *The Birth of Biopolitics* functions as 'the key reference' for this analysis,⁷ which Serge Audier for this reason has described somewhat dismissively as 'a pure and simple reprisal' of Foucault's

³ See especially Dardot, Pierre & Christian Laval, *The New Way of the World: On Neoliberal Society*, transl. G. Elliott (London 2013 [2009]: Verso); Gertenbach, *Die Kultivierung des Marktes*; Lazzarato, Maurizio, *Governing by Debt*, transl. J.D. Jordan (South Pasadena, CA 2015 [2013]: Semiotext(e)).

⁴ See especially Barry, Andrew, Thomas Osborne & Nikolas Rose (eds.), *Foucault and Political Reason: Liberalism, Neo-liberalism and Rationalities of Government* (Chicago, IL 1996: University of Chicago Press); Bröckling, Ulrich, *The Entrepreneurial Self: Fabricating a New Type of Subject*, transl. S. Black (Los Angeles, CA 2015 [2007]: SAGE); Burchell, Gordon & Miller (eds.), *The Foucault Effect*; Dean, Mitchell, *Governmentality: Power and Rule in Modern Society*, 2nd edition (Los Angeles, CA 2010 [1999]: SAGE), ch. 8; Lazzarato, Maurizio, *The Making of the Indebted Man: An Essay on the Neoliberal Condition*, transl. J.D. Jordan (Los Angeles, CA 2012 [2011]: Semiotext(e)).

⁵ See especially Audier, *Penser le "néolibéralisme"*; de Lagasnerie, Geoffroy, *La dernière leçon de Michel Foucault: Sur le néolibéralisme, la théorie et la politique* (Paris 2012: Fayard); Newheiser, David, 'Foucault, Gary Becker and the Critique of Neoliberalism', *Theory, Culture & Society* 33 (2016) 5: 3-21; Zamora, Daniel & Michael Behrent (eds.), *Foucault and Neoliberalism* (Cambridge, MA 2016: Polity). See also a special issue of *History and Theory*, dedicated to the topic of Foucault and neoliberalism, edited by Matthew Specter. (Specter, Matthew, 'Introduction', *History and Theory* 54 (2015): 367-371.)

⁶ Dardot & Laval, *The New Way of the World*, 16.

⁷ *Ibid.*, 4n6.

original insights.⁸ While it is true that we should not look to this volume for an interrogation of the limits of Foucault's analysis, this does not mean that it has nothing to add to it.

Of central concern to Dardot and Laval is the manner in which neoliberal doctrine, which emerged in the 1930s, has been established as an active governmentality in recent decades. In documenting this movement, the authors develop an intellectual history of neoliberal thought, but they also account for the ways in which neoliberal rationality has been deployed in the reconstruction of state action and in techniques of subject-formation.⁹ In both of these aspects of their project, Dardot and Laval complement, extend and where necessary correct Foucault's analysis, even if in doing so they maintain little critical distance to Foucault's conceptual and analytical framework.

One theme that Foucault leaves unaddressed but that is picked up by Dardot and Laval is the theme of democracy. In the conclusion to *The New Way of the World*, they insist that when 'market rationality is extended to all spheres of human existence', the critical question becomes one of 'marking how far this extension, by erasing the separation between private and public spheres, erodes the foundations of liberal democracy itself'.¹⁰ They go on to assert, with specific reference to F.A. Hayek's work, that in theory and in practice, neoliberalism is 'anti-democratic in substance', because it reduces 'democracy to a technical way of appointing rulers' and, ultimately, does away with 'popular sovereignty'.¹¹

This argument rests upon the observation that neoliberalism enacts a twofold erasure: on the one hand, it erases the difference between the citizen and the entrepreneur in such a way that the latter of these becomes all that human beings can aspire to while the former is emptied of all meaning; on the other, it erases 'the

⁸ Audier, *Penser le "néolibéralisme"*, 34. My translation. For similarly dismissive readings of Dardot and Laval, see Audier, Serge, *Néo-libéralisme(s): Une archéologie intellectuelle* (Paris 2012: Éditions Grasset), 32-33; Specter, 'Introduction', 368. Somewhat more generous is Skornicki, Arnault, 'Généalogie de la morale néolibérale: Compte-rendu de P. Dardot & C. Laval, *La nouvelle raison du monde*, *La vie des idées* (2009), accessible online at: <http://www.laviedesidees.fr/Genealogie-de-la-morale.html> (accessed 25-03-2016).

⁹ See Dardot & Laval, *The New Way of the World*, ch. 8 and ch. 9, respectively. See also Dardot, Pierre & Christian Laval, 'Néolibéralisme et subjectivation capitaliste', *Cités* 41 (2010): 35-50.

¹⁰ Dardot & Laval, *The New Way of the World*, 302-303.

¹¹ *Ibid.*, 311, 306. Cf. their discussion of Hayek in *ibid.*, 141-143, where they make the same argument.

differences between political regimes to the point of relegating them to a relative *non-differentiation*'.¹² Democratic citizenship and democratic politics thus become indistinguishable from entrepreneurship and from non-democratic politics, respectively. Evoking Brown's notion of "de-democratisation" and Colin Crouch's notion of "post-democracy", they proceed to insist that neoliberalism is 'emptying democracy of its substance without formally abolishing it'.¹³ They conclude that, in doing so, neoliberalism ushers in a new phase in 'the history of western societies'; one where democracy has effectively drawn its last breath.¹⁴

Dardot and Laval's analysis, in sum, connects Foucault's account of neoliberal governmentality to the erasure of democratic citizenship and the hollowing out of democratic institutions. They present neoliberal de-democratisation as the material outcome of the becoming active of neoliberal governmentality, focusing on the *institutional* aspect of democratic politics. However, in this respect their analysis differs little from the one developed by Brown in her earlier writings on neoliberalism (which will be discussed below)—writings that they, in fact, draw upon extensively.¹⁵ They do not, however, examine the limits of Foucault's analysis in *The Birth of Biopolitics*, nor do they offer the tools necessary for an analysis of the exact way in which neoliberal de-democratisation functions on a discursive level.

Lazzarato: Debt and Neoliberalism

Lazzarato has written various books and essays on neoliberalism, a topic he approaches via Foucault's lectures.¹⁶ The main thrust of his argument across these

¹² Ibid., 305.

¹³ Ibid., 6. For mention of Brown's notion of "de-democratisation", see *ibid.*, 6, 305; for Crouch's "post-democracy", see *ibid.*, 305n12. See also Myriam Revault d'Allonnes's reading of Dardot and Laval in *Pourquoi nous n'aimons pas la démocratie* (Paris 2010: Éditions du Seuil), ch. 5.

¹⁴ Dardot & Laval, *The New Way of the World*, 305.

¹⁵ I have discussed Dardot and Laval's reliance upon Brown's work elsewhere. See Cornelissen, Lars, 'What is Political Rationality?', *Parrhesia* 29 (forthcoming); Cornelissen, Lars, 'On the Subject of Neoliberalism: Rethinking Resistance in the Critique of Neoliberal Rationality', *Constellations* 25 (2018) 1: 133-146.

¹⁶ See esp. Lazzarato, Maurizio, 'Neoliberalism in Action: Inequality, Insecurity and the Reconstruction of the Social', transl. C. Venn, *Theory, Culture & Society*, 26 (2009) 6: 109-133; Lazzarato, Maurizio, *Expérimentations politiques* (Amsterdam 2009: Éditions

writings is that Foucault's 'understanding of the relationship between "capital and its logics" (to use his terms) and the state, as well as that between the state and liberalism, presents certain weaknesses'.¹⁷ A thorough understanding of neoliberal governmentality requires, in his view, an analysis of the multiple ways in which capital, money and financial logics work under neoliberalism. For him, this means accounting for the neoliberal 'economy of debt' as well as the 'new subjective types to which the whole of the population is made to correspond'—a project that will yield a picture 'quite different [...] from that described by Foucault'.¹⁸ Lazzarato's charge against Foucault, concisely put, is that the latter overlooks the role played by finance in neoliberalism. As I will show, Brown makes a similar point in her recent work.

When approached from the perspective of financialisation, neoliberal governmentality comes to appear as a menacing, punitive governmentality; one that produces precarious subjects through governmental technologies centred on debt and credit. By criticising and complementing Foucault's account of neoliberalism, then, Lazzarato brings into focus a novel rendering of *homo oeconomicus*, who is better understood as '*homo debitor* (indebted man)'.¹⁹ This subject should no longer primarily be seen as an entrepreneur of the self in the way that Foucault described it in *The Birth of Biopolitics*; that is, as a subject who is compelled to invest in its own human capital.²⁰ Rather, when their subjectivity is tethered first of all to debt, subjects 'become their own managers' and are induced less to invest in their "human capital" than to punish and discipline themselves by way of the incitement of feelings of shame and guilt.²¹ For Lazzarato, the novelty of the indebted subject lies in the ways in which it is made to interiorise mechanisms of control and subjection, making the individual complicit in what Lazzarato, with reference to the work of Gilles Deleuze and Félix Guattari, calls its own "machinic enslavement".²²

Amsterdam); Lazzarato, *Indebted Man*; Lazzarato, Maurizio, 'Naissance de la biopolitique, à la lumière de la crise', *Raisons politiques* 52 (2013) 4: 51-62; Lazzarato, *Governing by Debt*.

¹⁷ Lazzarato, *Governing by Debt*, 92.

¹⁸ Lazzarato, *Indebted Man*, 93.

¹⁹ *Ibid.*, 127.

²⁰ See Lazzarato, *Governing by Debt*, 185ff.

²¹ *Ibid.*, 69. Cf. Lazzarato, *Indebted Man*, ch. 1.

²² See esp. Lazzarato, *Indebted Man*, ch. 3; *Governing by Debt*, ch. 5.

One recurrent element of Lazzarato's account of neoliberalism is a concern with the way in which neoliberal governmentality produces authoritarian politics. 'The debt economy is characterized', Lazzarato never tires of insisting, 'by what we might call anti-democracy'.²³ Here he has in mind a very concrete process of the undermining of democratic institutions through techniques designed to address sovereign debt; a process in which '[t]he representative system is [...] suspended, parties are divested of "power," [and] parliament is reduced to registering the "orders" decreed by the institutions of world capitalism'.²⁴ Neoliberalism, in this account, 'zealously produces post-democratic authoritarian governmentality'.²⁵ Even though democratic institutions continue to exist in a formal sense, neoliberal governmentality renders '[p]opular sovereignty [...] conditional': only if voters agree with whatever policies financial markets require and endorse, will their voice be considered legitimate.²⁶

In sum, Lazzarato echoes Dardot and Laval in his diagnosis of the relationship between neoliberalism and democracy, arguing that neoliberal governmentality has mounted an open assault on democratic institutions. If Dardot and Laval's account revolves around the hollowing out of democracy by neoliberal governmentality, Lazzarato's is more concrete in that it emphasises the increasing implementation of authoritarian and violent techniques in the name of market stability and debt management. Yet, his remains an analysis of the manner in which democratic *institutions* are undermined by governmental technologies. This account is not attuned to the more subtle means by which neoliberal rationality corrodes democratic discourses and imaginaries and does not offer an account of the history or prehistory of neoliberal thought.

To summarise: in the present section, I have discussed two distinct attempts at reprising and recalibrating Foucault's seminal account of neoliberalism. While these critiques persuasively chart the "post-democratic" or "authoritarian" landscape that has emerged as a result of neoliberalisation, they lack the analytical tools necessary for a rigorous critique of *the ways in which* neoliberal de-

²³ Lazzarato, *Indebted Man*, 158.

²⁴ Lazzarato, *Governing by Debt*, 103. Cf. Lazzarato, 'Neoliberalism in Action', 128; *Indebted Man*, 159.

²⁵ Lazzarato, *Governing by Debt*, 112.

²⁶ *Ibid.*, 103.

democratisation functions on the level of institutional, legal and quotidian discourse. These tools, I argue in the next section, can be found in Brown's work on neoliberal rationality.

Neoliberal Rationality; Neoliberal De-Democratisation

From 2003 onwards, the topic of neoliberalism has taken centre stage in Brown's work.²⁷ Since then, neoliberalism has been a recurrent theme in almost all of her writings, whether as a central concern or as a tangential theme, culminating in the publication, in 2015, of *Undoing the Demos: Neoliberalism's Stealth Revolution*.²⁸ Brown's thesis across all of these writings is that 'neoliberalism, a peculiar form of reason that configures all aspects of existence in economic terms, is quietly undoing basic elements of democracy'.²⁹ She also calls this a process of "neoliberal

²⁷ Brown, Wendy, 'Neoliberalism and the End of Liberal Democracy', in: *Edgework: Critical Essays on Knowledge and Politics* (Princeton, NJ 2005: Princeton University Press): 37-59. This essay was first published in *Theory and Event* in 2003, which was a year before the French edition of *The Birth of Biopolitics* was published. As a result, this essay relies almost fully upon Thomas Lemke's summary of that lecture series (Lemke, "'The Birth of Biopolitics'"). I will discuss the relevance of Lemke's influence on Brown's analysis in further detail below.

²⁸ Neoliberalism is a central topic in the following of Brown's writings: 'Neoliberalism and the End of Liberal Democracy'; 'American Nightmare: Neoliberalism, Neoconservatism and De-Democratization', *Political Theory* 34 (2006) 6: 690-714; 'Neoliberalized Knowledge', *History of the Present* 1 (2011) 1: 113-129; 'The End of Educated Democracy', *Representations* 116 (2011) 1: 19-41; *Undoing the Demos: Neoliberalism's Stealth Revolution* (New York 2015: Zone Books); 'Sacrificial Citizenship: Neoliberalism, Human Capital, and Austerity Politics', *Constellations* 23 (2016) 1: 3-14. It is discussed tangentially in the following writings: *Regulating Aversion: Tolerance in the Age of Identity and Empire* (Princeton, NJ 2006: Princeton University Press); "'We Are All Democrats Now...'", in: Agamben, Giorgio, Alain Badiou, Daniel Bensaïd, Wendy Brown, Jean-Luc Nancy, Jacques Rancière, Kristin Ross & Slavoj Žižek, *Democracy in What State?* (New York 2011 [2009]: Columbia University Press): 44-57; *Walled States, Waning Sovereignty* (New York 2010: Zone Books); 'The Sacred, The Secular, and the Profane: Karl Marx and Charles Taylor', in: Warner, Michael, Jonathan VanAntwerpen & Craig Calhoun (eds.), *Varieties of Secularism in a Secular Age* (Cambridge, MA 2010: Harvard University Press): 83-104. See also Brown, Wendy, Christina Colegate, John Dalton, Timothy Rayner & Cate Thill, 'Learning to Love Again: An Interview with Wendy Brown', *Contretemps* 6 (2006): 25-42; Cruz, Katie & Wendy Brown, 'Feminism, Law, and Neoliberalism: An Interview and Discussion with Wendy Brown', *Feminist Legal Studies* 24 (2016): 69-89; Brown, Wendy, 'A Citadel That Stormed Itself', *New Humanist* (Winter 2017): 30-36.

²⁹ Brown, *Undoing the Demos*, 17.

de-democratisation”.³⁰ For her, the specificity of neoliberalism’s assault on democracy lies in what she calls processes of “economisation”, that is, the recasting of previously noneconomic spheres, practices and subjectivities on the model of the market. When all spheres of life are thus economised, Brown concludes, the distinctly *political* meaning of citizenship, of togetherness, of public life—indeed of freedom—is lost; and with it disappear ‘the essential *conditions* of democratic existence’.³¹

While Brown’s account of neoliberalism draws upon Foucault’s lectures on *The Birth of Biopolitics*, it would be a mistake to characterise her as merely a “neo-Foucaultian”, as some do.³² Her aim, as she writes in *Undoing the Demos*, ‘is not to complete a Foucauldian theory of neoliberal political rationality, but to offer a generative and useful theorization of our times’.³³ In this endeavour, Foucault’s lectures should not be seen as gospel, but rather as ‘a useful springboard for theorizing neoliberalism’s dedemocratizing effects today’.³⁴ Indeed, in her attempt to distance her analysis from Foucault’s, Brown develops an understanding of neoliberalism that differs from his to such a degree that it is best viewed as an original account of neoliberalism, reliant on a distinct range of analytical tools—some of which, as I argue in the third section of this chapter, are somewhat at variance with Foucault’s analytical lexicon.

In the present section, I set out the main categories of Brown’s understanding of neoliberalism, focusing on two notions that are pivotal to it: “political rationality” and “economisation”. I then proceed to explain how, in her view, neoliberal de-democratisation functions, centring on what she sees as the erasure of popular sovereignty. In the next and final section of this chapter, I contrast her understanding of neoliberalism to Foucault’s, contending that Brown’s analytical framework is reliant upon a range of presuppositions that are alien to a strictly

³⁰ “De-democratisation” is a notion that Brown does not explain in much detail. Her first use of the term is in 2006 in ‘American Nightmare’, after which it recurs in all of her writings on the topic.

³¹ Brown, *Undoing the Demos*, 179.

³² Serge Audier, for instance, calls Brown a ‘disciple du Foucault et icône intellectuelle de la gauche radicale américaine [disciple of Foucault and intellectual icon of the radical American Left]’ (Audier, *Néo-libéralisme(s)*, 30) and, elsewhere, bluntly dismisses Brown as a contributor to ‘la vulgate néo-foucauldienne militante [militant neo-Foucaultian vulgate]’. (*Penser le “néolibéralisme”*, 32.)

³³ Brown, *Undoing the Demos*, 121.

³⁴ *Ibid.*, 50.

Foucaultian analytics. The resulting framework, I argue, makes Brown overlook the history of neoliberal thought because of her exclusive focus on neoliberalism as a “hegemonic” order of reason.

The Study of Political Rationalities

From the first of her writings on neoliberalism, Brown has framed her work as a critical inquiry into the historically contingent nature of ‘the present moment’.³⁵ Thus she presents *Undoing the Demos* as being, ‘in the classic sense of the word, a critique—an effort to comprehend the constitutive elements and dynamics of our condition’.³⁶ For her, the effort ‘to specify and understand our novel world in the making today’ means, first of all, to understand neoliberalism, which she defines as ‘a normative order of reason developed over three decades into a widely and deeply disseminated governing rationality’.³⁷ The critical endeavour to comprehend the present, then, revolves around the study of the “governing rationality” or “political rationality”. What, however, does this mean? What exactly is a political rationality?

“Political rationality”—interchangeable in her later works with “governing rationality” and with “political reason”—is a term that Brown takes from Foucault in order to apprehend ‘the way that neoliberalism comes to govern as a normative form of reason’.³⁸ The notion of political rationality is, then, an analytical tool aimed at offering an understanding of *how* neoliberalism comes to structure all spheres of life; it is aimed, in other words, at making possible a critique of the present. She goes on to define political rationalities as

³⁵ Brown, ‘Neoliberalism and the End of Liberal Democracy’, 46.

³⁶ Brown, *Undoing the Demos*, 28.

³⁷ *Ibid.*, 47, 9.

³⁸ *Ibid.*, 115. Brown uses the term “political rationality” to describe neoliberalism in all of her writings on neoliberalism, but does not reflect on the term as a descriptor of neoliberalism in any depth until *Undoing the Demos*. The term “political rationality” itself has been part of her analytic vocabulary since *Manhood and Politics: A Feminist Reading in Political Theory* (Totowa, NJ 1988: Rowman & Littlefield) (see 5, 127, 128; cf. ch. 8), but there are marked differences between her use of the term there and in her more recent writings. For her earliest sustained reflection on the notion see Brown, Wendy, *Politics Out of History* (Princeton, NJ 2001: Princeton University Press), 114-116. For a detailed engagement with the notion of political rationality, see Cornelissen, ‘What is Political Rationality?’; Cornelissen, ‘On the Subject of Neoliberalism’.

world-changing, hegemonic orders of normative reason, generative of subjects, markets, states, law, jurisprudence, and their relations. Political rationalities are always historically contingent, rather than necessary or teleological; however, once ascendant, they will govern as if they are complete and true until or unless challenged by another political rationality.³⁹

A political rationality, in Brown's view, is not merely a manner of reasoning about politics or about how to govern. What makes a political rationality a *political* rationality is thus not that it concerns politics or that it constructs and reconstructs practices and institutions that are specific to the political domain. More than restricting itself to politics, a political rationality posits and produces particular subjects, relations, practices, even society at large, as well as state action, political institutions and policy. Thus, for Brown, it is 'the *becoming actual* of a specific form of reason' that marks a *political* or a *governing* rationality.⁴⁰ Note how this implies an analytical split between what Brown calls a "form of reason" and a "political rationality"; the former of which is simply a normative way of reasoning, whereas the latter is a normative way of reasoning that has actively come to govern.⁴¹ I will return to this split in the third section of this chapter.

By rendering political rationality in this way, Brown turns the notion into an analytical tool that can be used to analyse and criticise specific forms of governmental reason. 'Political rationalities', she writes in an earlier essay on Foucault and genealogy, 'are orders of practice and orders of discourse, not systems of rule; what must be captured for them to be subject to political criticism is their composition as well as their contingent nature'.⁴² What emerges here is a distinct rendering of genealogy as the study of political rationalities. 'Genealogical

³⁹ Brown, *Undoing the Demos*, 121. Cf. Brown, *Politics Out of History*, 114; 'Neoliberalism and the End of Liberal Democracy', 39; 'American Nightmare', 693; 'Sacrificial Citizenship', 5.

⁴⁰ Brown, *Undoing the Demos*, 118.

⁴¹ The example Brown gives to clarify this point is illuminating: neoliberalism as *a form of reason* was 'generated by Ordoliberalism and the Chicago School', but has only become a *political rationality* over the last 'three decades' (ibid., 118, 9).

⁴² Brown, *Politics Out of History*, 115-116.

critique', in Brown's words, 'aims to reveal various rationalities as the ones in which we live, to articulate them *as* particular forms of rationality'.⁴³ Accordingly, Brown's work on neoliberalism should be seen as an attempt to study neoliberalism as the rationality that governs every aspect of our lives today.

Once neoliberalism is understood as a political rationality, it can be subjected to a wide range of questions. What is the normative form of reason that it draws upon? What makes it distinct from other rationalities? On what model does it construct the subject, the state, individual and collective conduct, or the law? How is it disseminated? But also: what does it eliminate and foreclose? What do subjects, the state, conduct, and so on, *cease* to be once neoliberalism has transformed them? It is this tangle of problems that *Undoing the Demos* begins to unravel and it is in this context that Brown's thesis about neoliberal de-democratisation attains its significance. Her critique studies neoliberal rationality in its specificity and concludes that the particular subjects it constructs, the particular modes of conduct it stimulates and the particular ways in which it is disseminated combine to produce an historically unprecedented assault on the very foundations of political—specifically: democratic—life. It is, in short, because she sees neoliberalism as a new rationality that she can claim that, as Étienne Balibar explains, 'neo-liberalism has not been satisfied with agitating for a *retreat of the political*, but has set about *redefining* both its "subjective" side and its "objective" side'.⁴⁴

Economisation

Brown's analysis of neoliberal rationality pivots on the notion of economisation. She writes: '[neoliberal] rationality involves [...] the "economization" of heretofore noneconomic spheres and practices, a process of remaking the knowledge, form, content, and conduct appropriate to these spheres and practices'.⁴⁵ She sees this

⁴³ Ibid., 116.

⁴⁴ Balibar, Étienne, *Citizenship*, transl. T. Scott-Railton (Cambridge 2015 [2012]: Polity), 105.

⁴⁵ Brown, *Undoing the Demos*, 30-31. For her account of economisation, Brown relies on the work of Koray Çalışkan and Michel Callon. See their 'Economization, Part 1: Shifting Attention From the Economy to Processes of Economization', *Economy and Society* 38 (2009) 3: 369-398.

process as ‘the distinctive signature of neoliberal rationality’.⁴⁶ Economisation of all spheres of life, in other words, is what marks neoliberal rationality in its specificity.

It should be noted that Brown’s claim is not that neoliberal rationality is the first or only rationality to render the political as economic. Indeed, she is at pains to show that various other thinkers have identified earlier modes of economisation. Thus she cites Carl Schmitt’s critique of 19th-century liberalism, which, in his words, led ‘to the general economization of intellectual life and to a state of mind which finds the core categories of human existence in production and consumption’,⁴⁷ as well as the work of Hannah Arendt and Claude Lefort, both of whom accuse Marxism of economisation of a different stripe.⁴⁸ Rather, Brown’s claim is that neoliberal rationality entails a *particular* form of economisation—one that is historically specific and that, due to its precise characteristics, poses an unprecedented danger to democracy.⁴⁹

One of the ways in which neoliberal economisation is historically unique is that it reaches deeper and further than any previous form of economisation did. Neoliberal rationality, for Brown, economises ‘all domains and activities [...] and configures human beings exhaustively as market actors’, and this extended reach of economisation was ‘heretofore unimaginable’.⁵⁰ What is more, because neoliberal rationality relies upon a distinct understanding of economic conduct, the particular norms and discursive frameworks according to which it recasts subjectivities and practices are similarly distinct. What is singular about neoliberalism in this regard is that, on the one hand, it renders *homo œconomicus* not as an agent of barter or exchange, as did Adam Smith’s liberalism, but ‘as

⁴⁶ Brown, *Undoing the Demos*, 31-32. Cf. Brown, ‘Neoliberalism and the End of Liberal Democracy’, 39-40; ‘American Nightmare’, 693-696; “‘We Are All Democrats Now...’”, 47-48; ‘Sacrificial Citizenship’, *passim*. See also Revault d’Allonnes’s reading of Brown in *Pourquoi nous n’aimons pas la démocratie*, ch. 5.

⁴⁷ Schmitt, Carl, ‘The Age of Neutralizations and Depoliticizations’, transl. M. Konzen & J.P. McCormick, in: *The Concept of the Political*, expanded ed., transl. G. Schwab (Chicago, IL 1996 [1929]: University of Chicago Press): 80-96, 84. Brown refers to Schmitt’s *The Crisis of Parliamentary Democracy* to argue this point.

⁴⁸ Brown, *Undoing the Demos*, 32. Brown here refers to Arendt’s *The Human Condition* and to Lefort’s *Democracy and Political Theory*.

⁴⁹ See also Brown, ‘Sacrificial Citizenship’, 3.

⁵⁰ Brown, *Undoing the Demos*, 31, 32. Cf. Brown, ‘Neoliberalism and the End of Liberal Democracy’, 40.

human capital seeking to strengthen its competitive positioning and appreciate its value'.⁵¹ Foucault and others have already noted this shift, as Brown acknowledges. On the other hand, recent years have seen a subtle but significant shift in *how* human capital is understood and thus in how it takes shape. Today, 'the specific model for human capital and its spheres of activity is increasingly that of financial or investment capital, and not only productive or entrepreneurial capital'.⁵² Concomitant to the rise of finance capital is a major shift in the way the economy is structured, which now turns on credit, debt, derivatives and risk rather than on the production, exchange and consumption of commodities.⁵³

In seeing economisation as the hallmark of neoliberalism, Brown closely follows Foucault. The latter already identified ordoliberalism as offering 'a policy of the economization [*une politique d'économisation*] of the entire social field, of an extension of the economy to the entire social field' and draws similar conclusions about Chicago School neoliberalism.⁵⁴ What sets Brown's use of economisation apart from Foucault's is that for her, economisation is neoliberalism's 'distinctive signature' and that, accordingly, the focus of a critique of neoliberalism should be on *processes* of economisation, which, in her view, largely operate on a discursive level.⁵⁵ Foucault, by contrast, assigns economisation less weight, viewing it primarily as an effect of American neoliberals' understanding of economic science. By centring her analysis on economisation in this way, Brown offers what is in my view a distinct project for the study of neoliberalism, one that seeks above all to uncover and trace moments and processes of economisation so that their effects may be appraised. This sets her approach apart from those that focus exclusively on neoliberal governmental techniques or on the effects produced by neoliberalisation (epitomised by Lazzarato's and Dardot and Laval's accounts), limiting their usefulness when one's aim is to understand *how* neoliberalism

⁵¹ Brown, *Undoing the Demos*, 33.

⁵² Ibid.

⁵³ See *ibid.*, 33-34, 70.

⁵⁴ Foucault, Michel, *The Birth of Biopolitics: Lectures at the Collège de France, 1978-79*, ed. M. Senellart, transl. G. Burchell (Basingstoke 2008 [2004]: Palgrave Macmillan), 242. See also *ibid.*, 227ff, where Foucault discusses how human capital theory 'enables [Chicago School neoliberals] to apply economic analyses to completely new fields and domains'. Cf. Dardot & Laval, *The New Way of the World*, ch. 6; Lemke, "'The Birth of Bio-Politics'"; Tribe, 'The Political Economy of Modernity'. See also the reading of Foucault offered in chapter 1.

⁵⁵ Brown, *Undoing the Demos*, 32.

constructs and reconstructs the world around us.

When economisation becomes the pivotal notion for understanding neoliberalism, what comes into focus is how neoliberal de-democratisation operates. Seen from this angle, *Undoing the Demos* appears as an attempt to trace how neoliberal rationality economises democracy's constitutive features, eroding the necessary conditions of democratic life. The central argument thus becomes that neoliberal rationality's effect 'is to transpose the meaning and practice of democratic concerns with equality, freedom, and sovereignty from a political to an economic register'; a process that democracy 'may not survive'.⁵⁶

In sum, what unfolds across Brown's later writings is a method for analysing the present through a study of political rationalities. What is necessary for a critical understanding of ourselves today, she contends, is an account of neoliberal rationality, its constitutive features, the ways it is disseminated and the destruction it wreaks. Concretely, this critical analysis takes shape as the uncovering and examination of processes of economisation. I will now turn my attention towards Brown's findings before I link her project back to Foucault's.

Neoliberal De-Democratisation

Undoing the Demos is primarily concerned with tracing the ways in which neoliberal economisation bears upon democratic practices and imaginaries. Brown's central claim is that wherever neoliberal rationality takes hold, it projects a particular model of the market onto the subject and onto conduct in its various modalities—governmental, personal, political, educational, and so forth. Because, in her view, neoliberalism has penetrated all spheres of life, it completely reconstructs the subject as *homo œconomicus* understood as financialised human capital. However, when human beings are exhaustively seen as specks of human capital, what they cease to be is political subjects. In this way neoliberal rationality, in Brown's words, heralds 'the vanquishing of liberal democracy's already anemic *homo politicus*, a vanquishing with enormous consequences for democratic

⁵⁶ Brown, *Undoing the Demos*, 41, 17. Cf. Brown, 'Sacrificial Citizenship'.

institutions, cultures, and imaginaries'.⁵⁷ Brown's argument, then, pays particular attention to how neoliberal rationality transforms the subject. This transformation eliminates what for Brown is an essential prerequisite of the survival of democracy: *homo politicus*, or 'a subject of politics, a demotic subject', which

forms the substance and legitimacy of whatever democracy might mean beyond securing the individual provisioning of individual ends; this "beyond" includes political equality and freedom, representation, popular sovereignty, and deliberation and judgment about the public good and the common.⁵⁸

For Brown, the economisation of the subject takes place by subtle means. In contrast to the brutal enforcement of neoliberal policies across the globe in the 1970s and 1980s, 'neoliberalization in the euro-Atlantic world today is more often enacted through specific techniques of governance, through best practices and legal tweaks, in short, through "soft power" drawing on consensus and buy-in, than through violence, dictatorial command, or even overt political platforms'.⁵⁹ In order to understand these subtle transformations, Brown turns her attention towards governance practices, legal reasoning and educational practices in order to bring to the surface how each contributes to the economisation of subjects and of democracy.⁶⁰ Another way of putting this is to say that it is through examining such practices that we can 'understand how neoliberalism becomes a governing political rationality', because it is *through* such practices that neoliberal rationality is disseminated and it is likewise *through* them that it moulds subjects and their

⁵⁷ Brown, *Undoing the Demos*, 35. For an early version of this argument see Brown, 'Neoliberalism and the End of Liberal Democracy', 43; 'American Nightmare', 695. I have discussed this argument in more detail in Cornelissen, 'On the Subject of Neoliberalism'.

⁵⁸ Brown, *Undoing the Demos*, 87.

⁵⁹ *Ibid.*, 35. In a review of *Undoing the Demos*, Jodi Dean takes Brown to task for this view, writing that it 'leads her to underplay neoliberalism's inconsistencies, inefficiencies, contradictions, and violence'. (Dean, Jodi, 'Neoliberalism's Defeat of Democracy', *Critical Inquiry* (2015), accessible online at: http://criticalinquiry.uchicago.edu/neoliberalisms_defeat_of_democracy/ (accessed 25-05-2017).)

⁶⁰ Brown devotes chapters 4, 5 and 6 to governance, legal reasoning, and higher education respectively. Together these chapters make up the entire second half of the book.

conduct.⁶¹ Let me discuss Brown's analysis of each of these three sets of practices in turn.

Brown begins by scrutinising the relationship between neoliberal rationality and governance practices. Although she acknowledges that "governance" is a contested and analytically imprecise term, for Brown it 'signifies a specific mode of governing that is evacuated of agents and institutionalized in processes, norms, and practices'.⁶² She warns against mistaking governance for a *product of* neoliberal rationality, arguing that it has a separate genealogy.⁶³ Thus, rather than search for a shared origin, which does not exist, she investigates the ways in which neoliberal rationality and governance historically came to intersect. In recent decades, Brown contends, governance 'matured and converged with neoliberalism', and in the process it 'has become neoliberalism's primary administrative form, the political modality through which it creates environments, structures constraints and incentives, and hence conducts subjects'.⁶⁴

Governance, importantly, entails dispersed, decentralised and highly adaptable sets of practices that flow through seemingly horizontal discursive networks. What makes them so problematic, for Brown, is that governance practices, which have their origin in business contexts, are increasingly being adopted in other, decidedly non-business-like spheres, including NGOs, public institutions (such as universities and hospitals) and the state itself. This, indeed, is the rationale behind "benchmarking" and "best practices", which are techniques concerned with transposing practices from the corporate into the public domain.⁶⁵ Governance practices require, for their functioning, the persuasion of and participation by individual agents, whose conduct is directed through carefully imposed incentives (such as corporate targets) and by regulative devices (such as codes of conduct and corporate strategies).

For Brown, the spread of governance practices ties into neoliberal de-democratisation in two distinct ways. On the one hand, governance discourse is a force of de-democratisation in its own right, because by cloaking itself in a

⁶¹ Brown, *Undoing the Demos*, 122.

⁶² Ibid., 124. Cf. the entirety of *ibid.*, ch. 4.

⁶³ Ibid., 122. Cf. Brown, 'Sacrificial Citizenship', 4-6.

⁶⁴ Brown, *Undoing the Demos*, 122.

⁶⁵ See *ibid.*, 135-142.

vocabulary of “consensus”, “accountability” and “participation”, governance practices ‘themselves recast the very meaning and understanding of democracy, even as they promise to deliver more of it’.⁶⁶ On the other hand, governance practices provide a channel through which neoliberal rationality can flow from the corporate sphere into public and private life. For her, the very notion that corporate practices may seamlessly be adopted by the state or by public institutions results in ‘a dissolving distinction between state, business, nonprofit, and NGO endeavours—not simply the emergence of public-private partnerships [...], but of significantly altered orientations of each as everything comes to comport increasingly with a business model and business metrics’.⁶⁷ This way, the spread of governance practices functions as a vehicle for the dissemination of certain practices, but with these practices—and this is the crux of Brown’s argument—comes the rationality that underlies and structures them. As such, the proliferation of governance practices becomes ‘a key mechanism [...] for the economization of domains and conduct’.⁶⁸

For Brown, the spread of governance practices is not the only means by which neoliberal rationality is disseminated. A crucial role is fulfilled by legal reasoning, which she meticulously analyses in order to show that ‘law becomes a medium for disseminating neoliberal rationality beyond the economy, including to constitutive elements of democratic life’.⁶⁹ In recent U.S. jurisprudence, she detects a process of economisation of political categories including rights, citizenship and the demos itself.⁷⁰ Across various texts she offers different examples of this process,⁷¹ which,

⁶⁶ Ibid., 128. Cf. Brown, ‘Sacrificial Citizenship’, 6.

⁶⁷ Brown, *Undoing the Demos*, 123.

⁶⁸ Ibid., 131.

⁶⁹ Ibid., 151. Cf. Brown, ‘Sacrificial Citizenship’, 7-8.

⁷⁰ It must be observed at this point that Brown’s argument pertains to the U.S. only, as it relies upon the jurisprudential system specific to that country, where legal precedent is discursively reinterpreted through legal opinions, giving rise to a form of legal reasoning characterised by a reciprocal relationship between positive law and jurisprudence. (This point ties into a broader criticism levelled at Brown by Balibar, who asks to what extent her analysis of neoliberalism ‘reflects a *particularity of American society and history*’ (*Citizenship*, 107).) It would be interesting to see how her larger argument about the neoliberalisation of law and legal practices might be applied to other legal systems (especially civil law systems) or indeed to international law.

⁷¹ In *Undoing the Demos*, ch. 5, Brown analyses at length the 2010 Supreme Court case, *Citizens United v. Federal Election Commission*. She briefly mentions the 2011 Supreme Court decision in *AT&T Mobility LLC v. Concepcion* and the 2011 *Wal-Mart Stores, Inc. v. Dukes et al.* See also Brown, ‘Sacrificial Citizenship’, 7 for a similar discussion of each of

in her view, demonstrate that in recent years, the U.S. Supreme Court has produced opinions saturated with neoliberal reasoning. When concluding her reading of one such opinion, she writes that ‘it submits politics, rights, representation, and speech to economization’ and that it casts ‘every actor and activity in market terms’.⁷² When judges, in other words, interpret the law and legal precedent through a neoliberal lens, the legal order itself comes to rely upon an understanding of citizens as entrepreneurial figures. Thus, even as individuals and institutions are reduced to specks of financialised capital by governance practices, legal reasoning infused with neoliberal rationality mobilises the jurisprudential apparatus itself, in order to inscribe into the law a thoroughly economised understanding of people and of *the people*.⁷³

The third domain analysed in *Undoing the Demos* is that of higher education. For Brown, contemporary higher education no longer endeavours to produce informed, democratic citizens but instead ‘devotes itself to enhancing the value of human capital’.⁷⁴ As a result of its neoliberalisation, the public university, she argues, is now tasked primarily with producing a skilled workforce, even as an education is widely considered an investment in the individual student’s human capital.⁷⁵

For Brown, the neoliberalisation of higher education poses a twofold threat to democracy. On the one hand, the decline of liberal arts education is itself endangering to democracy because the existence of ‘educated citizens oriented

these three cases. In a public lecture at the London School of Economics, 1 July 2015, she developed an in-depth analysis of the 2014 Supreme Court case, *Burwell v. Hobby Lobby*.

⁷² Brown, *Undoing the Demos*, 173.

⁷³ Interestingly, Brown has argued elsewhere that in recent U.S. history, ‘courts themselves have shifted from deciding what is prohibited to saying what must be done—in short, from a limiting function to a legislative one that effectively usurps the classic task of democratic politics. If living by the rule of law is an important pillar of most genres of democracy, governance by courts constitutes democracy’s subversion. Such governance inverts the crucial subordination of adjudication to legislation on which popular sovereignty depends and overtly empowers and politicizes a nonrepresentative institution.’ (Brown, “‘We Are All Democrats Now...’”, 48.) In other words, for Brown it was precisely the increasing *politicisation* of the judiciary that allowed for the *depoliticisation* of other liberal-democratic institutions through neoliberal economisation.

⁷⁴ Brown, *Undoing the Demos*, 184. Cf. Brown, ‘The End of Educated Democracy’. Interestingly, Lazzarato similarly privileges the U.S. university as a paradigm for neoliberal power techniques. See *Governing by Debt*, ch. 2.

⁷⁵ Cf. Brown, ‘The End of Educated Democracy’, 23; ‘Neoliberalized Knowledge’, 119; *Undoing the Demos*, 177.

toward problems of public life' is one of 'the essential *conditions* of democratic existence'.⁷⁶ Differently put, when education ceases to revolve around the stimulation of critical thinking and democratic citizenship, democracy itself is imperilled. On the other hand, when higher education comes to be saturated with and transformed by neoliberal rationality, it actively starts to contribute to the economisation of subjects. Indeed, once the idea that students must view themselves as bits of human capital takes hold, the economisation of subjectivity enters into people's daily lives. At this point, higher education is no longer merely the victim of neoliberal austerity policies; much more worryingly, as 'the university remakes itself through and for the market', it becomes a space where neoliberal rationality is actively disseminated and where the economisation of everyday life, of subjectivity, and of democracy firmly takes hold.⁷⁷

In summation, the main thrust of Brown's argument is that neoliberal de-democratisation operates through the gradual dissemination of neoliberal rationality; a form of reasoning that recasts everything on the model of the (financialised) market. For her, then, neoliberal de-democratisation has less to do with a low voter turnout, with the changing nature of elections,⁷⁸ or even with the 'unprecedented degree of passivity and political complacency' that she lamented in 2003.⁷⁹ Neither is it simply the name of a process that empties democratic institutions of their substance while maintaining them formally as a way of providing neoliberal policies with a gloss of legitimacy.⁸⁰ Rather, what Brown signals and analyses are the processes through which neoliberal rationality economises the very features that are constitutive of democratic language, principles and practices. Her main claim, then, is not so much that under

⁷⁶ Brown, *Undoing the Demos*, 179.

⁷⁷ Brown, 'The End of Educated Democracy', 22.

⁷⁸ It is upon this basic misunderstanding of the argument that Jodi Dean's critique of Brown's de-democratisation thesis rests. Confusing what is a complex philosophical argument about the discursive meaning and materiality of democracy for a straightforward claim about citizen participation in politics, Dean easily sweeps Brown's thesis aside, contending that '[e]ven as banal a statistic as voter turnout supports my claim that the current conjuncture is not well conceptualized with the notion of de-democratization'. (Dean, Jodi, *Democracy and Other Neoliberal Fantasies: Communicative Capitalism and Left Politics* (Durham, NC 2009: Duke University Press), 17.)

⁷⁹ Brown, 'Neoliberalism and the End of Liberal Democracy', 43.

⁸⁰ This is what Dardot and Laval mistake Brown's argument to be; a mistake that furthermore allows them to use Brown's critique interchangeably with Colin Crouch's notion of "post-democracy". See Dardot & Laval, *The New Way of the World*, 6, 305.

neoliberalism, political life has become *less* democratic or *more* authoritarian (even if she may believe both of these to be the case), but that neoliberalisation has fundamentally *transformed* democracy into something altogether different; something no longer capable of allowing the people to rule itself, to legislate, to exercise power in common—to be, in a word, *sovereign*.

Brown and Foucault

Having sketched Brown's approach to neoliberalism and having reproduced the main thrust of her account of neoliberal de-democratisation, it is worth asking how close her analysis stays to Foucault's. While, as I have already pointed out, her account of neoliberalism is routinely described as being straightforwardly Foucaultian, I argue in the present section that Brown's analytical understanding of power differs from Foucault's. More precisely, I argue that her understanding of the concept of political rationality significantly differs from Foucault's, despite the fact that she attributes it to him. My contention is that Brown's conceptualisation of political rationality is implicitly reliant upon a series of presuppositions that are alien to a strictly Foucaultian understanding of power.⁸¹ I argue that these presuppositions inflect Brown's conceptual framework in important ways, troubling her approach to the problem of neoliberalism and democracy.

Rationality, Hegemony, History

As already discussed, Brown does not see herself as completing a Foucaultian theory of neoliberalism. Indeed, she treats *The Birth of Biopolitics* as a point of departure for her own analysis of neoliberal rationality and its effects on our present condition, all the while making it plain that she is 'seeking to think with, against, and apart from Foucault'.⁸² One of the aspects of Foucault's account that she takes on board almost entirely is 'his exploration of neoliberal thought', which

⁸¹ I have offered a different version of this argument elsewhere. See Cornelissen, 'On the Subject of Neoliberalism'.

⁸² Brown, *Undoing the Demos*, 78.

she neither challenges nor discusses in much detail.⁸³ Rather, her disagreements with Foucault are of a different nature. On the one hand, she holds that his account of neoliberalism must be updated, in the manner explored above; on the other, she takes issue with Foucault's lack of interest in subjects that, broadly speaking, relate to 'political theory', including 'democracy, citizenship, and histories of political thought'.⁸⁴ The exact nature of these disagreements is explored in detail in the pages of *Undoing the Demos*, and I do not seek to discuss them further here. Rather, I want to argue that one of the most significant differences between Foucault's and Brown's understandings of neoliberalism lies in their respective renderings of the concept of political rationality.

Although she routinely insists that she takes the concept of political rationality from Foucault,⁸⁵ Brown does occasionally indicate that her understanding of it differs from his. Thus, when concluding her reflections on the notion of political rationality, she writes:

In the Collège de France lectures on neoliberalism, Foucault uses the descriptor "political rationality" rather infrequently. More often, he speaks of neoliberalism as "governmental reason," "governmentality," "governmental rationality," or "economic rationality." Above all, he identifies it as "a new programming of liberal governmentality," a reformulation of the relations between state, economy, and subject posited and produced by liberalism. Thus, I am pressing much more from the formulation of neoliberalism as a political rationality than Foucault did. Moreover, in seeking to extend some of his unfinished lines of thinking here, I do not pretend to do so in ways he would have approved.⁸⁶

Brown does not, however, reflect upon the specific ways in which her understanding of political rationality differs from Foucault's. On my reading, there

⁸³ Ibid., 55. For Brown's summary of Foucault's account of neoliberalism, see *ibid.*, 59-69.

⁸⁴ Ibid., 74, 78.

⁸⁵ See esp. *ibid.*, 115. Cf. Brown, *Politics Out of History*, 114ff; 'American Nightmare', 693. See also Cornelissen, 'What is Political Rationality?'

⁸⁶ Brown, *Undoing the Demos*, 121.

are two crucial differences: first, Brown puts less weight than Foucault on the role played by the abstract notion of “rationality” in “political rationality”; second, she analytically attaches the notion of political rationality to the notion of hegemony. I shall discuss each of these in turn.

Rationality. As discussed above, Brown sees political rationalities as normative modes of thought that have come to govern, which sets them apart from normative orders of reason as such. To be sure, and as shown in the previous chapter, Foucault’s terms “governmental reason” and “governmental rationality” are indeed intended to capture a form of rationality or a form of reasoning from which techniques and arts of government draw their constitutive grammar and legitimacy. However, those same terms also tap into a different meaning of the terms “reason” and “rationality” (two terms that Foucault uses interchangeably),⁸⁷ namely reason or rationality as that which, in Western modern (governmental) thought and (governmental) practice, is considered the distinguishing feature of good conduct and of good government. “Governmental rationality” can, accordingly, also mean a criterion, construed on the basis of a certain understanding of what it means to be rational or to conduct oneself rationally, according to which one can determine whether or not governmental power is exercised rationally.⁸⁸

In his account of the history of governmentality, Foucault uses the term “governmental rationality” to refer both to a certain way of thinking about government and its ends and to a broader set of concerns about the abstract notion of reason. To give an example: when, in *Security, Territory, Population*, Foucault discusses the emergence of the first distinctive modern “governmental rationality”, the doctrine of *raison d’État*, he describes it as ‘a certain way of thinking, reasoning, and calculating’ and as ‘a different way of thinking power, the kingdom, the fact of ruling and governing’.⁸⁹ This governmentality distinguishes itself, in his view, by understanding politics, power and indeed reason *through* the state: ‘The state was a way of conceiving, analyzing, and defining the nature and

⁸⁷ See Revel, Judith, *La vocabulaire du Foucault* (Paris 2002: Ellipses), 52.

⁸⁸ See on this point Judith Revel’s entries on “gouvernementalité” and “raison/rationalité”, in *La vocabulaire du Foucault*, 38-40, 51-53.

⁸⁹ Foucault, Michel, *Security, Territory, Population: Lectures at the Collège de France, 1977-78*, ed. M. Senellart, transl. G. Burchell (New York 2007 [2004]: Palgrave Macmillan), 286.

relations of these already given elements'; elements such as the king, the sovereign and wealth.⁹⁰ Here, then, "governmental reason" is understood as "a way of reasoning" about the political domain. In this case, the term "rationality" should be seen in relation to questions of truth and knowledge; and a form of governmental rationality, in this sense, is a regime of knowledge from which certain governmental techniques and knowledges are derived—such as disciplinary techniques and statistics in the case of *raison d'État*, or *laissez-faire* and political economy in the case of liberal governmentality. This is the understanding of governmental rationality that Brown draws upon when she describes political rationality as 'the field of normative reason from which instruments and techniques [of governing] are forged'.⁹¹

However, immediately after having introduced *raison d'État* as a certain way of reasoning about power and government, Foucault notes that the state is not only that which structures and inflects governmental reasoning, but that it also 'functions as an objective in this political reason'.⁹² He continues: "The state is what must exist at the end of the process of the rationalization of the art of government."⁹³ And:

The state is what commands governmental reason, that is to say, it is that which means one can govern rationally according to necessity; it is the function of intelligibility of the state in relation to reality, and it is that which makes it rational, necessary, to govern. Governing rationally because there is a state and so that there is a state.⁹⁴

Here, the term "governmental reason" refers less to a certain mode of thinking and is connected instead to the problem of how to govern *rationally*. For Foucault, concomitant with the governmentality of *raison d'État* is the historical emergence of the intimate relationship between the practice of government and rationality. Thus he solemnly describes the birth of this governmentality as 'an event in the

⁹⁰ Ibid.

⁹¹ Brown, *Undoing the Demos*, 121.

⁹² Foucault, *Security, Territory, Population*, 287.

⁹³ Ibid.

⁹⁴ Ibid.

history of Western reason, of Western rationality, which is undoubtedly no less important than the event associated with Kepler, Galileo, Descartes and so on'.⁹⁵ The emergence of governmentality, in other words, must be considered 'a very complex phenomenon of the transformation of Western reason' because it entailed the articulation of government to rationality in an historically unprecedented way.⁹⁶ From this point onwards, in Foucault's view, practices and regimes of government come to rely upon constructions of the rational subject and, as result, philosophical disputes over the meaning of rationality come to obtain an unmistakably political character. In this sense, the history of governmentality runs parallel to the history of rationality.⁹⁷

For Foucault, in short, the term "political rationality" is not only an analytical term that refers to historically specific modes of thinking that underpin historical regimes of governmental conduct; it also designates a crucial feature of modern Western politics, namely the imperative that governmental conduct must be rational. For him, this ambivalence is of both analytical and political relevance: it is of analytical relevance since the historical specificity of a given mode of governmentality can be grasped only when it is seen against the background of a broader historical perspective, which must include a genealogical account of the history of rationality; it is of political relevance, because it implies that conceptualisations of rationality—as well as of their constitutive others, such as madness, unreason and delinquency—are pre-eminently political.

Brown's notion of political rationality covers the first of the two meanings that Foucault gives it, but not the second. Indeed, she does not seek to interrogate how neoliberal political rationality constructs the very principle of rationality itself or how this construction differs from preceding ones. Indeed, because she understands political rationalities as modes of thought that become *political*

⁹⁵ Ibid., 285-286.

⁹⁶ Ibid., 286.

⁹⁷ See especially Foucault's closing remarks in *The Birth of Biopolitics*: 'You can see that in the modern world, [...] a series of governmental rationalities overlap, lean on each other, challenge each other, and struggle with each other: art of government according to truth, art of government according to the rationality of the sovereign state, and art of government according to the rationality of economic agents, and more generally, according to the rationality of the governed themselves.' (Foucault, *Birth of Biopolitics*, 313.) For a more detailed discussion of Foucault's views on the notion of political rationality and its place in his overarching political and philosophical project, see Cornelissen, 'What is Political Rationality?'

rationalities only when they come to structure individual and collective conduct actively, her analysis necessarily privileges the workings of a given political rationality *in the present moment*; a feature underscored by her claim, already touched upon, that *Undoing the Demos* offers ‘a critique’ in ‘the classic sense of the word’, meaning that it analyses the dynamics that characterise the present moment.⁹⁸ While this perspective allows Brown to offer an unparalleled analysis of the exact workings of neoliberal rationality and of its de-democratising effects, it also makes her inattentive to the history (and indeed the prehistory) of neoliberalism.

Hegemony. If there is a striking difference between how Brown renders the “rationality” in “political rationality” and how Foucault understands it, another crucial difference is to be found in the analytical burden carried by the “political” in Brown’s understanding of “political rationality”. As discussed at length above, Brown sees a political rationality as the *having become actual* of a normative order of reason. As she writes in a passage already cited above, ‘political rationalities are world-changing, *hegemonic* orders of normative reason’.⁹⁹ Here the word “hegemonic” is of specific interest. Indeed, while this is not a term that Foucault uses in connection to governmentality, in Brown’s theoretical framework it plays an essential role, as it allows her to draw a distinction between normative orders of reason, which are simple political-theoretical doctrines, and political rationalities, which are normative orders of reason that have come to be hegemonic.

On the one hand, this distinction allows her to imbue the notion of political rationality with its own positivity; on the other, it makes it possible for her to set her analysis apart from Foucault’s. Indeed, on several occasions she attributes the limits of the latter’s account in part to ‘the fact that neoliberalism was not full-blown or hegemonic but merely whispering its emergence in Foucault’s time’.¹⁰⁰

⁹⁸ Brown, *Undoing the Demos*, 28.

⁹⁹ *Ibid.*, 121. Emphasis added.

¹⁰⁰ *Ibid.*, 54, cf. 70, 75. This claim could be subjected to critique, for although it is true that Foucault’s *Birth of Biopolitics* lectures took place before either Margaret Thatcher or Ronald Reagan had been elected, neoliberal governmentality had, by that point, already left a considerable mark on West-German politics and was similarly on the rise in France. Indeed, Foucault routinely cites the policies of Valérie Giscard d’Estaing (who was elected president in 1974) as paradigmatic examples of neoliberalism. Lastly, while Foucault

The argument, then, is that Foucault *could not yet analyse* neoliberalism as a political rationality, because it had not yet become one; it was, at that stage, still a mere “normative order of reason”. Now that it has become a political rationality in the proper sense of that term—now that, in a word, it has become hegemonic—, critical analysis must change accordingly. After all, it is only after a rationality has become actual that the subjects, modes of conduct and governmental technologies that it constructs can be appraised fully. This is why, for Brown, Foucault’s lectures,

[w]ith one or two small exceptions, [...] do not study popular or political discourses contributing to, carrying, or disseminating neoliberal reason. They do not explore the polyvalence of discourses generating neoliberal rationality and, again with a minor exception or two, they do not explore how other discourses compromise, modify, or transform neoliberal reason.¹⁰¹

However, because he was studying a normative form of reason rather than a political rationality, Foucault had no choice but to take recourse primarily to intellectual history. As a result, his lectures ‘largely comprise partial and speculative intellectual histories [...] relying, with few exceptions, on intellectual, even academic currents for its claims’.¹⁰² When the object of study is a political rationality—that is, not just *a* form of reason but the *hegemonic* form of reason—one’s analytical method must first of all seek to uncover its traces in the dense layers of discourse that saturate quotidian spaces, public institutions, the legal apparatus as well as our innermost experiences of ourselves and each other. For this to be possible, intellectual history must be displaced by what may be termed “discourse analysis”; for even though Brown is at pains to distinguish political rationalities from discourses, she does hold that the former may be accessed through an analysis of the latter.¹⁰³

remains completely (and problematically) silent on the matter, Augusto Pinochet’s 1973 *coup d’état* can hardly be considered a “whisper”.

¹⁰¹ Ibid., 53.

¹⁰² Ibid., 53-54.

¹⁰³ See *ibid.*, 116f.

It is, in short, because Brown theorises political rationalities as *hegemonic* orders of reason that her analysis of neoliberalism takes no stock of the history of neoliberal thought. Brown, to put it differently, spends no time looking at the intellectual trends that are commonly taken to be neoliberal or to their trajectories. She does not offer a reading of F.A. Hayek, Milton Friedman or Gary S. Becker and she similarly does not inquire whether the economisation of democracy that she so acutely pinpoints in discursive practices is foreshadowed in the mode of thinking that they and their intellectual associates developed.

Nevertheless, everything in Brown's analytical understanding of political rationalities points towards the view that such an inquiry falls squarely within the study of any given political rationality. After all, she invites her readers to view political rationalities as 'effects of fragmented histories, colliding discourses, forces that persisted without triumphing decisively, unintended effects, and arguments insecure about themselves'.¹⁰⁴ She similarly insists that in order to challenge any given political rationality it must first be subjected to genealogical critique,¹⁰⁵ and even notes, in a revealing passage from 'Neoliberalism and the End of Liberal Democracy', that what 'would be quite useful' today is a

rich genealogy of neoliberalism as it is currently practiced—one that mapped and contextualized the contributions of the two schools of [neoliberal] political economy, traced the ways that rational choice theory differentially adhered and evolved in the various social sciences and their governmental applications, and described the inter-play of all these currents with developments in capital over the past half century [...].¹⁰⁶

While, in other words, Brown's understanding of political rationality in no way excludes the possibility of intellectual history or of a genealogy of rationality, she does seem to hold that the study of a normative order of reason prior to its becoming hegemonic must rely upon a method altogether different from the one deployed when seeking to uncover and piece together the political rationality that

¹⁰⁴ Brown, *Politics Out of History*, 116.

¹⁰⁵ *Ibid.*

¹⁰⁶ Brown, 'Neoliberalism and the End of Liberal Democracy', 40.

is hegemonic in the present.

In summary, Brown undoubtedly offers an original account of neoliberalism; one that builds upon Foucault's seminal lectures, but that identifies and reckons with the limits of his analysis. Because, in her view, Foucault developed this analysis before neoliberalism became hegemonic, Brown finds herself having to develop an analytical framework that significantly differs from his. This leads her to construct an analytics that is centred on an idiosyncratic understanding of political rationality and that is self-consciously ahistorical.

Conclusion

Far from simply having constructed an elaborate "vulgate" of Foucaultian analyses of neoliberalism that add nothing to Foucault's original account,¹⁰⁷ Dardot and Laval, Lazzarato, and Brown have, each in their own way, sought to update it. What connects their heterogeneous engagements with *The Birth of Biopolitics* is a concern for the ways in which neoliberalism poses a threat to democracy.

In this chapter, I have argued that from the many available Foucault-inspired accounts of neoliberalism, Brown's is the most rigorous, offering a set of analytical tools with which the relationship between neoliberalism and democracy may be analysed and criticised. Neoliberalism, for her, must be studied as a political rationality; something that, in her view, Foucault could not do, which means that the study of neoliberal rationality today must differ from the account developed in *The Birth of Biopolitics*. The research project she inaugurates seeks to trace the ways in which neoliberal rationality has been disseminated in recent decades and to appraise the corrosive effects of this process on the necessary conditions of democratic life.

However, there is a gap in Brown's account. Because she theorises political rationalities as hegemonic orders of reason that can be grasped fully only by studying their hold upon the present, she neglects to study the history of neoliberal thought. As a result, she fails to question in which ways neoliberal de-democratisation is itself conditioned by a long tradition of neoliberal thought; a tradition that not only made neoliberalisation possible, but that also provided

¹⁰⁷ Audier, *Penser le "néolibéralisme"*, ch. 1.

neoliberal rationality with its constitutive categories, with its legitimacy, with its heuristics and with its political parameters.

Once neoliberal rationality as it exists in the present is understood as historically conditioned by and, in that sense, continually reliant upon this tradition, it becomes both possible and urgent to pose a different set of questions; not to replace the ones raised in *Undoing the Demos*, but to complement them. Where, for example, does the notion of democracy sit in relation to other theoretical and political notions—such as sovereignty, economy, history and order—in the neoliberal imaginary? In which ways did neoliberal thinkers consider democratic politics a threat and how did they propose to remedy democracy’s most threatening features? How have neoliberal conceptions of democracy worked to legitimise de-democratisation in the present? Might it, perhaps, be possible to detect in the archives of neoliberal thought some prominent fault lines in the neoliberal understanding of democracy, thus allowing for an immanent critique thereof?

In my reading, Brown’s work clearly points in the direction of such an historical analysis and it is therefore easy to imagine how one might take further her project. If *Undoing the Demos* studies how discourses and practices economise democracy in ‘this troubled present’, the task now is to reattach this analysis to a more overtly historical one to make possible the “ontology of present reality” of which this dissertation is in pursuit.¹⁰⁸ For such an historical analysis of neoliberalism to be more than a mere reprisal of the historical narrative presented in *The Birth of Biopolitics*, however, it must first be outfitted with the appropriate set of analytical tools; one with which the epistemological framework that underpins neoliberal thought may be unearthed. It is to this task that I turn in the next chapter.

¹⁰⁸ Brown, *Undoing the Demos*, 17.

CHAPTER 3: TOWARDS AN ARCHAEOLOGY OF NEOLIBERALISM

Introduction

The objective of this dissertation is to explain how democracy became a problem for neoliberal thought. In the first chapter, I offered a detailed reading of Michel Foucault's account of the history of governmentality, focusing in particular on his characterisation of neoliberal governmentality. I concluded that chapter by arguing that the analysis of the "epistemological mutations" that play a central role in this history requires an analytical framework capable of locating and studying moments of epistemological rupture. In the second chapter, I showed how contemporary scholars have criticised Foucault for failing to discuss the effects of neoliberal governmental practices on democracy and how they have sought to address this lacuna. In doing so, I engaged extensively with the writings of Wendy Brown, who offers a thoroughgoing analysis of the inimical relationship between neoliberal rationality and democratic practices, subjectivities and imaginaries. I concluded my discussion of Brown by contending that what her account lacks is an understanding of the history of the relationship between neoliberalism and democracy.

In the present chapter, I seek to assemble the analytical framework with which the history of this relationship may be approached. My primary objective is to reconstruct Foucault's understanding of the archaeological method. In doing so, I situate archaeology in his oeuvre at large and I discuss the central role it fulfils in his overarching philosophical project. I contend, first, that archaeology, despite normally being associated with the "early Foucault", continues to be of central importance to all of Foucault's work and, second, that the archaeological method offers the means with which the emergence of neoliberal political philosophy may be isolated and subjected to analysis.

This chapter is divided into two sections. In the first section, I take a closer look at what Foucault, late in his life, called the "history of problematisations". I demonstrate that he introduced this term in order to summarise the overall critico-philosophical project that he had pursued throughout his life and that he held the archaeological method to be of central importance to this project. The

second section focuses on Foucault's early writings and opens with a discussion of the broader philosophical project that underpins and informs them. I then turn to a detailed discussion of *The Order of Things* (1966) and *The Archaeology of Knowledge* (1969), from which I draw, in a more systematic fashion, the central categories of analysis available to the archaeologist.

Problematism, Genealogy, Archaeology

The History of Problematism

As explained in the introduction to this dissertation, the central question I ask is one that takes shape as what Foucault calls the history of 'a certain way of problematizing'.¹ According to him, such a history 'is not, in fact, the history of theories or the history of ideologies or even the history of mentalities'; rather, it inquires '[w]hy a problem and why such a kind of problem, why a certain way of problematizing appears at a given point in time'.²

What, it may be asked, does the history of problematisations entail? That is, which analytical tools does it employ? What are its philosophical stakes? What are its political stakes? How does it relate to the two methods normally associated with Foucault's work, archaeology and genealogy? This last question offers a useful point of entry into these issues. Indeed, as Colin Koopman has demonstrated, the history of problematisations 'is not some third form of inquiry that one might take up alongside archaeology and genealogy—it is rather a methodological orientation which thoroughly inflects both'.³ Any discussion of the methodological questions raised by the history of problematisations must therefore entail an exploration of the relationship between problematisation, archaeology and genealogy.

While, as Koopman points out, Foucault first started using the term "problematism" in a technical sense in his 1978 lectures at the Collège de France, entitled *Security, Territory, Population*, he did not elaborate upon its

¹ Foucault, Michel, 'What Our Present Is', in: *The Politics of Truth*, ed. S. Lotringer, transl. L. Hochroth & C. Porter (Los Angeles, CA 1997: Semiotext(e)): 129-143, 141.

² Ibid.

³ Koopman, Colin, *Genealogy as Critique: Foucault and the Problems of Modernity* (Bloomington, IN 2013: Indiana University Press), 46.

meaning until the 1980s.⁴ The above quotations, for instance, come from an interview with André Berten from 1981, which marks one of Foucault's first attempts to summarise the underlying aim of his entire oeuvre. He continued to do so in several crucial texts authored in the years leading up to his death, including the 1984 essay 'What is Enlightenment?' and the introduction to the second volume of his *History of Sexuality*, entitled *The Use of Pleasure*. Let me consider the relevant passages from these texts in some more detail.

In 'What is Enlightenment?', Foucault seeks to describe the "philosophical attitude" that has informed his thought from the first; an attitude that he situates in the wake of Immanuel Kant's critical project.⁵ 'This philosophical attitude', he writes,

has to be translated into the labor of diverse inquiries. These inquiries have their methodological coherence in the at once archaeological and genealogical study of practices envisaged simultaneously as a technological type of rationality and as strategic games of liberties; they have their theoretical coherence in the definition of the historically unique forms in which the generalities of our relations to things, to others, to ourselves, have been problematized.⁶

⁴ Ibid.

⁵ The literature on Foucault's relationship to Kant is enormous. For Foucault's most straightforward statements on this matter see the writings collected in Foucault, *The Politics of Truth* and Foucault, Michel, 'Foucault', in: *Essential Works of Foucault, 1954-1984, volume 2: Aesthetics, Method, and Epistemology*, ed. J.D. Faubion, transl. R. Hurley and others (New York 1998: The New Press): 459-463. For some of the most incisive secondary accounts see e.g. Dean, Mitchell, *Critical and Effective Histories: Foucault's Methods and Historical Sociology* (London 1994: Routledge); Deleuze, Gilles, *Foucault*, transl. S. Hand (Minneapolis, MN 1988 [1986]: University of Minnesota Press); Dreyfus, Hubert L. & Paul Rabinow, *Michel Foucault: Beyond Structuralism and Hermeneutics*, 2nd ed. (Chicago, IL 1983 [1982]: University of Chicago Press); Gordon, Colin, 'Afterword', in: Foucault, Michel, *Power/Knowledge: Selected Interviews and Other Writings, 1972-1977*, transl. C. Gordon and others (New York 1980: Pantheon Books): 229-259; Han, Béatrice, *Foucault's Critical Project: Between the Transcendental and the Historical*, transl. E. Pile (Stanford, CA 2002 [1998]: Stanford University Press); Koopman, *Genealogy as Critique*; Webb, David, *Foucault's Archaeology: Science and Transformation* (Edinburgh 2013: Edinburgh University Press).

⁶ Foucault, Michel, 'What is Enlightenment?', in: *Politics of Truth*: 97-119, 118-119.

Earlier in that same essay, Foucault already notes that this work ‘is genealogical in its *design* and archaeological in its *method*’.⁷ He goes on to say that it is

[a]rchaological—and not *transcendental*—in the sense that it will not seek to identify the universal structures of all knowledge or of all possible moral action, but will seek to treat the instances of discourse that articulate what we think, say, and do as so many historical events. And this critique will be genealogical in the sense that it will not deduce from the form of what we are what it is impossible for us to do and to know; but it will separate out, from the contingency that has made us what we are, the possibility of no longer being, doing, or thinking what we are, do, or think.⁸

Foucault offers a very similar description of his work in the introduction to *The Use of Pleasure*. There, reflecting upon the whole of his oeuvre, Foucault observes about the central stakes of his work:

It was a matter of analyzing, not behaviors or ideas, nor societies or their “ideologies,” but the *problematizations* [problématisations] through which being offers itself to the possibility and necessity of being thought and the *practices* from which these problematizations are formed. The archaeological dimension of the analysis allows for the study of the forms themselves of problematization [*les formes mêmes de la problématisation*]; its genealogical dimension, their formation out of practices and their modifications [*leur formation à partir des pratiques et de leurs modifications*].⁹

The analysis proffered in *The Use of Pleasure* (and indeed in the subsequent volume, *The Care of the Self*), is, consequently, ‘situated at the point where an

⁷ Ibid., 113. Emphasis added.

⁸ Ibid., 113-114.

⁹ Foucault, Michel, *The History of Sexuality, volume 2: The Use of Pleasure*, transl. R. Hurley (London 1985 [1984]: Penguin), 11-12. Translation amended.

archaeology [*sic*] of problematizations and a genealogy of practices of the self intersect'.¹⁰

These passages immediately offer three insights that are relevant to the present discussion. First, the methodological frameworks that Foucault developed over the course of his life are tightly interwoven with an underlying philosophical project. They are, that is, an integral part of the “philosophical attitude” set out in ‘What is Enlightenment?’ and of the ‘philosophical exercise’ reported on in *The Use of Pleasure* and *The Care of the Self*.¹¹ Second, despite some readers’ insistence to the contrary, Foucault did not abandon the archaeological method after the 1960s, replacing it first with a series of genealogical studies and then with an “ethical” phase.¹² Rather, Foucault continued to describe his work as archaeological throughout his life,¹³ even claiming, in the passages cited here, that the history of problematisations necessarily incorporates the archaeological method. Third and related, late in life Foucault established a certain relationship between the history of problematisations, genealogy and archaeology, suggesting that the former of these is the name of his overall project, of which genealogy and archaeology are equally vital parts.

¹⁰ Ibid., 13.

¹¹ Ibid., 9.

¹² See, for instance, May, Todd, *The Philosophy of Foucault* (Chesham 2006: Acumen), 59: ‘The question of the status of Foucault’s archaeological writings is one that he never resolves [...] because he moves on to another project, or at least modifies the project enough to give it another name. Genealogy replaces archaeology.’ A similar claim is made, for instance, in Paras, Eric, *Foucault 2.0: Beyond Power and Knowledge* (New York 2006: Other Press). See, finally, the foreword included in the published versions of each of Foucault’s lecture series at the Collège de France, written by François Ewald and Alessandro Fontana: ‘the courses at the Collège de France [...] set out the program for a genealogy of knowledge/power relations, which are the terms in which he thinks of his work from the beginning of the 1970s, as opposed to the program of an archaeology of discursive formations that previously orientated his work’. (Ewald, François & Alessandro Fontana, ‘Foreword’, in: Foucault, Michel, *The Birth of Biopolitics: Lectures at the Collège de France, 1978-79*, ed. M. Senellart, transl. G. Burchell (Basingstoke 2008 [2004]: Palgrave Macmillan): xiii-xvii, xiv-xv.)

¹³ Eric Paras is wrong to claim that, from the early 1970s onwards, ‘Foucault stop[ped] using the word “archaeology” to describe his researches’. (*Foucault 2.0*, 45.) Indeed, not only did Foucault use the term “archaeology” in the texts cited here, but also continued to use it, throughout the 1970s, to describe his own work in various of his annual lecture series at the Collège de France, including *Psychiatric Power* (1973-74), *Abnormal* (1974-75), *“Society Must be Defended”* (1975-76) and *On the Government of the Living* (1979-80). He also used the term in a public lecture given in Berkeley, CA in October 1980 (see Foucault, Michel, ‘Subjectivity and Truth’, in: *Politics of Truth*: 147-167, 152).

The various analytical frameworks that Foucault developed throughout his life are, then, tied together by an underlying set of philosophical concerns; concerns that grant them their coherence and that make them refer to one another. I discuss the philosophical stakes of Foucault's work in a separate section below. Here I should like to reflect in some more detail on the relationship between genealogy and archaeology.

Genealogy and Archaeology

If, as Foucault says, the history of problematisations is genealogical in its *design* and archaeological in its *method*, the question of the relationship between genealogy and archaeology becomes an urgent one. How, then, must the relationship between these two methods be understood?

For Foucault, genealogy and archaeology are, as a large and growing literature demonstrates, tightly interwoven.¹⁴ As Arnold I. Davidson observes, 'genealogy does not so much displace archaeology as widen the kind of analysis to be pursued'.¹⁵ The two methods do, however, grant access to different levels of analysis, as becomes clear from the passage from the introduction to *The Use of Pleasure* discussed above. Commenting on this text, Davidson writes:

Archaeology attempts to isolate the level of discursive practices and formulate the rules of production and transformation for these practices. Genealogy, on the other hand, concentrates on the forces and relations of power connected to discursive practices; it does not insist on a separation of rules for production of discourse and relations of power.¹⁶

¹⁴ See, for example, Bevis, Phil, Michèle Cohen & Gavin Kendall, 'Archaeologizing Genealogy: Michel Foucault and the Economy of Austerity', in: Gane, Mike & Terry Johnson (eds.), *Foucault's New Domains* (London 1993: Routledge): 193-215; Davidson, Arnold I., 'Archaeology, Genealogy, Ethics', in: Hoy, David Couzens (ed.), *Foucault: A Critical Reader* (Oxford 1986: Basil Blackwell): 221-233; Dreyfus & Rabinow, *Michel Foucault*; Koopman, *Genealogy as Critique*.

¹⁵ Davidson, 'Archaeology, Genealogy, Ethics', 227.

¹⁶ *Ibid.*

On the basis of ‘What is Enlightenment?’, another distinction might be added to this one: while archaeology locates ‘instances of discourse’ as ‘so many historical events’, genealogy foregrounds ‘the possibility of no longer being, doing, or thinking what we are, do, or think’.¹⁷ Archaeology, in other words, is concerned with the analysis of moments of rupture (which will be discussed below) in their specificity, discursive density and historicity. Genealogy, on the other hand, foregrounds our present condition, seeking ‘to identify the accidents, the minute deviations—or conversely, the complete reversals—the errors, the false appraisals, and the faulty calculations that gave birth to those things that continue to exist and have value for us’.¹⁸

In short, when writing the history of a certain form of problematisation, archaeological analysis is necessary to isolate, in the ‘subsoil’ of our own culture, the moment at which this form of problematisation could come into existence and its historical conditions of possibility.¹⁹ Such an analysis—which ‘is not always the same for all forms of experience’²⁰—would identify, for instance, the moment a certain object (such as “madness” or “delinquency”) appears in history and becomes the focal point of a problematic, or the set of factors that historically conditioned a certain epistemological rupture (such as the break between the “classical age” and “modernity”). Genealogy is necessary to analyse how this specific problematic continues to exert a hold on our mode of being in the present so that it may be loosened. Such an analysis attempts to show ‘that there is “something altogether different” behind things: not a timeless and essential secret, but the secret that they have no essence or that their essence was fabricated in a piecemeal fashion from alien forms’.²¹

Archaeology and genealogy thus require one another. Yet, as Koopman writes, ‘genealogy functions well only if it follows after an archaeological procedure of

¹⁷ Foucault, ‘What is Enlightenment?’, 113-114.

¹⁸ Foucault, Michel, ‘Nietzsche, Genealogy, History’, in: *The Foucault Reader*, ed. P. Rabinow, transl. D.F. Bouchard & S. Simon (New York 1984 [1971]: Pantheon): 76-100, 81. See also Bevis et al., ‘Archaeologizing Genealogy’, 194: ‘Genealogy is distinguished by a differing emphasis: it examines process while archaeology examines the “moment”, however temporally extended that moment might be.’

¹⁹ Foucault, Michel, ‘The Order of Things’, in: *Essential Works of Foucault, vol. 2*: 261-267, 263.

²⁰ Foucault, Michel, ‘Preface to *The History of Sexuality, Volume II*’, in: *The Foucault Reader*: 333-339, 337.

²¹ Foucault, ‘Nietzsche, Genealogy, History’, 78.

disentangling the various threads composing the practices in which we find ourselves'.²² Archaeological analysis must, in other words, be viewed as a necessary condition of effective genealogical critique.

This, perhaps, is one of the shortcomings of the history of governmentality developed by Foucault in *Security, Territory, Population* and *The Birth of Biopolitics*. Indeed, while he explicitly characterises this history as 'a genealogy of technologies of power',²³ and while he explains that the objective of his engagement with neoliberalism is 'to let knowledge of the past work on the experience of the present', he does not offer a sustained *archaeological* analysis of neoliberal governmentality.²⁴ This is not to say that Foucault does not ask questions of an archaeological nature; indeed, as I shall discuss at length in the seam that follows the present chapter, a crucial passage from *The Birth of Biopolitics* precisely poses an archaeological query. Rather, my point is that his treatment of this query is all too cursory, leading him to misidentify the crucial epistemological mutation that conditioned the emergence of neoliberalism. Before I can take up this topic, however, I must first discuss the archaeological method in more detail.

The Archaeology of Knowledge

What is archaeology? What are its philosophical stakes? To what aspect of thought does it grant access? How can it be applied? Which analytical tools does it offer? Which questions does it allow one to formulate? What are its limits? These are the questions I shall be grappling with in the remainder of this chapter. I start with a broader discussion of archaeology, situating it in Foucault's wider oeuvre and identifying the philosophical stakes it entails. This is necessary because, as will become clear, archaeology is not so much the name of a specific and

²² Koopman, *Genealogy as Critique*, 50.

²³ Foucault, Michel, *Security, Territory, Population: Lectures at the Collège de France, 1977-1978*, ed. M. Senellart, transl. G. Burchell (New York 2007 [2004]: Palgrave Macmillan), 36. Giorgio Agamben also characterises Foucault's history of governmentality as a 'genealogy'. See Agamben, Giorgio, *The Kingdom and the Glory: For a Theological Genealogy of Economy and Government (Homo Sacer II,2)*, transl. L. Chiesa (Stanford, CA 2011 [2007]: Stanford University Press), xi.

²⁴ Foucault, *Birth of Biopolitics*, 130.

circumscribed set of analytical tools as it is a certain philosophical mode of asking historical questions. In order to get a better grasp on the type of questions archaeology makes it possible to ask, I shall proceed to single out the two texts that are most important for my own purposes: *The Order of Things* (1966) and *The Archaeology of Knowledge* (1969). I then draw from these two texts an analytical approach adequate to the task pursued in this dissertation.

The Philosophical Stakes of Archaeology

As is well known, Foucault used the term “archaeology” most frequently during the earliest stage of his career, which spans roughly from the mid-1950s to the late 1960s. In the 1970s, when Foucault began publishing on genealogy and started pursuing a slightly amended historical practice, his use of the term receded into the background, only to return to prominence late in his life, when he made several efforts to combine the various methods he had developed into a coherent whole. A crucial aspect of these latter efforts was, as I have shown, an attempt to articulate the archaeological method to a broader philosophical project, one that Foucault situated in the wake of Kant’s work. These philosophical concerns were, however, already clearly present in Foucault’s early work, as a brief overview of his archaeological writings demonstrates.

The first book Foucault ever wrote was called *Mental Illness and Psychology* and was first published in 1954, then significantly revised and republished in 1962. Although the approach adopted varies significantly between these two versions, the two questions that Foucault asks remain the same. These are: ‘Under what conditions can one speak of illness in the psychological domain? What relations can one define between the facts of mental pathology and those of organic pathology?’²⁵ In the remainder of this text, Foucault is at pains to argue that the experience of madness is an historical phenomenon, arguing that ‘[m]adness is much more *historical* than is usually believed, and much *younger* too’.²⁶ While Foucault does employ the term “archaeology” on one occasion, arguing that, in

²⁵ Foucault, Michel, *Mental Illness and Psychology*, California ed., transl. A. Sheridan (Berkeley, CA 1987 [1954]: University of California Press), 1. For the differences between this book’s two versions, see the foreword by Hubert Dreyfus.

²⁶ *Ibid.*, 69.

Freud's psychoanalytical framework, '[n]eurosis is a spontaneous archaeology of the libido', he does not draw a connection between his research method and the term "archaeology".²⁷ Nevertheless, two things are evident: first, from the very first of his books onwards, Foucault sought to study the *historical conditions* of certain modes of experience; second, the term "archaeology" is one of the oldest in Foucault's analytical lexicon.

By the time Foucault submitted his two doctoral theses²⁸ in 1961, the term "archaeology" had more firmly inscribed itself in his work. His principal thesis, originally entitled *Madness and Unreason: History of Madness in the Classical Age* and most recently translated as *History of Madness*, employs the term a handful of times, describing its own content, for instance, as 'the archaeology of [the] silence' of madness and as 'the archaeology of knowledge'.²⁹ In a different passage, Foucault speaks of the necessity of drawing up 'an archaeology of alienation' and elsewhere he refers to madness, in a phrase that evokes the term's usage in *Mental Illness and Psychology*, as 'the spontaneous archaeology of cultures'.³⁰ In his complementary thesis, which consisted of a translation of and introduction to Kant's *Anthropology From a Pragmatic Point of View*, Foucault used the term twice, musing, in an early passage, about the possibility of 'an archaeology of the

²⁷ Ibid., 21. Here I would like to venture the cautious thesis that the term "archaeology" in this particular text is an oblique reference to Freud's use of the archaeological metaphor rather than, *pace* Foucault's later insistence (see, e.g., Foucault, Michel, 'Monstrosities in Criticism', *Diacritic* 1 (1971) 1: 57-60), a term he had taken from Kant and (emphatically) not from Freud. Indeed, in the passage cited here, Foucault deploys the term "archaeology" to refer to the fundamental role that Freud assigns to the libido in the structure of neurosis; a structure that, Foucault writes, psychoanalysis claims to be able to uncover 'by carrying out a pathology of the adult' (19). Freud, for his part, tended to compare the work of the analyst to archaeology, writing, for instance, that the analyst's 'task is to make out what has been forgotten from the traces which it has left behind or, more correctly, to *construct* it. [...] His work of construction, or, if it is preferred, of reconstruction, resembles to a great extent an archaeologist's excavation of some dwelling-place that has been destroyed and buried or of some ancient edifice. The two processes are in fact identical.' (Freud, Sigmund, 'Constructions in Analysis', in: *The Complete Psychological Works of Sigmund Freud, volume XXIII*, transl. J. Strachey (London 1964 [1937]: The Hogarth Press): 256-269, 258-259.)

²⁸ In France, at the time of Foucault's doctoral exam, doctoral candidates were required to submit two theses, a "principal thesis" (*thèse principale*) and a "complementary thesis" (*thèse complémentaire*).

²⁹ Foucault, Michel, *History of Madness*, ed. J. Khalifa, transl. J. Murphy & J. Khalifa (Abingdon 2006 [1961]: Routledge), xxviii, 246.

³⁰ Foucault, *History of Madness*, 80, 105.

text’—that is, of Kant’s *Anthropology*—and elsewhere describing the definition of the term “archaeology” as ‘the archaeology of a term’.³¹

While neither of Foucault’s theses contains a dedicated or systematic reflection upon the archaeological method, the *History of Madness* does include certain phrases that offer a first—if fleeting—glimpse of the philosophical stakes of archaeology. Of particular interest is a passage in the introduction where Foucault describes his book as offering ‘a history of the conditions of possibility of psychology’.³² Elsewhere in that book he employs the term ‘concrete *a priori*’ to describe various such conditions of possibility, including the existence of a “positive” science of mental illness and of certain ‘humanitarian sentiments’.³³ In using the notion of a “concrete *a priori*”, Foucault consciously invokes Kantian critique, the primary aim of which is to establish, through transcendental deduction, the ‘*a priori* conditions of the possibility of experiences’.³⁴ However, by calling the conditions of possibility of psychology *concrete*, Foucault deliberately subverts the Kantian model, according to which the conditions of possibility of all experience can be known through a *synthetic a priori* judgement; that is, transcendently and precisely not concretely. Here, then, Foucault for the first time establishes that the archaeology of knowledge grants access to the concrete, historical conditions of possibility of a certain mode of experience and, in doing so, he mobilises a wilfully distorted Kantian lexicon.

As he continued to develop his archaeological method, Foucault continued to rely upon this lexicon. Indeed, its traces are evident in *The Birth of the Clinic*, a book that first appeared in 1963 and that, despite the fact that its pages do not mention the term “archaeology”, did receive the subtitle *An Archaeology of Medical Perception*. In the introduction to that book, which contains Foucault’s first systematic effort to explain the archaeological method, he explains that his objective is to isolate a certain historical event, one that fundamentally changed

³¹ Foucault, Michel, *Introduction to Kant’s Anthropology*, transl. R. Nigro & K. Briggs (Los Angeles, CA 2008 [2008]: Semiotext(e)), 19, 112. Foucault never published his complementary thesis in his lifetime.

³² Foucault, *History of Madness*, xxxiv. Commenting on this passage, editor Jean Khalfa notes that this phrase ‘clearly shows the aims of the particular brand of historiography that Foucault named, in this book, the “archaeology of knowledge” (xix).

³³ *Ibid.*, 130. See also *ibid.*, 376.

³⁴ Kant, Immanuel, *Critique of Pure Reason*, transl. P. Guyer & A.W. Wood (Cambridge 1998 [1781]: Cambridge University Press), 225 (A94/B126).

the way in which the medical gaze registers the human body and the diseases that plague it. This event, however, can be explained neither with reference to the universal progress of scientific reason, nor by mapping the stylistic changes that occur on the surface of medical discourse. Rather, in order to understand this moment, Foucault contends, ‘we must look beyond its thematic content or its logical modalities to the region [*région*] where “things” [*choses*] and “words” [*mots*] have not yet been separated, and where—at the very level of language—seeing and saying are still one’.³⁵ What is this enigmatic “region”, this “level” that Foucault proposes to uncover? The key to this question is provided in a crucial passage where he writes:

Medicine made its appearance as a clinical science in conditions which define, together with its historical possibility, the domain of its experience and the structure of its rationality. They form its concrete a priori, which it is now possible to uncover, perhaps because a new experience of disease is coming into being that will make possible a historical and critical understanding of the old experience.³⁶

And again: ‘The research that I am undertaking here therefore involves a project that is deliberately both historical and critical, in that it is concerned [...] with determining the conditions of possibility of medical experience in modern times.’³⁷

After having traced the split between reason and unreason in his *History of Madness* and having documented the emergence of certain regimes of knowledge concerning the body and disease in *The Birth of the Clinic*, Foucault turned his attention to a series of more fundamental shifts in thought. The result was *The Order of Things*, a 1966 book that seeks to understand how, ‘at the threshold of the nineteenth century’, the human sciences could appear on the stage of Western

³⁵ Foucault, Michel, *The Birth of the Clinic: An Archaeology of Medical Perception*, Routledge Classics ed., transl. A.M. Sheridan (Abingdon 2003 [1963]: Routledge), xii. Translation amended.

³⁶ *Ibid.*, xvii.

³⁷ *Ibid.*, xxi-xxii.

thought.³⁸ This did not involve the study of all of those historical factors—institutional, political, social, discursive—that combined to make possible a singular event in a discrete domain, as his previous studies had. Rather, it required the study of a different type of historical event altogether, namely events that exist on the singular level of thought itself. As he writes in the preface:

[W]hat I am attempting to bring to light is the epistemological field, the *episteme* in which knowledge, envisaged apart from all criteria having reference to its rational value or to its objective forms, grounds its positivity and thereby manifests a history which is not that of its growing perfection, but rather that of its conditions of possibility; in this account, what should appear are those configurations within the *space* of knowledge which have given rise to the diverse forms of empirical science. Such an enterprise is not so much a history, in the traditional meaning of that word, as an “archaeology”.³⁹

In the remainder of *The Order of Things*, Foucault sets out to trace two fundamental changes—or ‘two great discontinuities’—that shook the Western *episteme* to its core, the first of which inaugurated what he labels ‘the Classical age’ and the second of which ‘marks the beginning of the modern age’.⁴⁰

While I do not wish to discuss the content of Foucault’s hypotheses here,⁴¹ I do want briefly to highlight the crucial role played by Kant in the ‘history of thought’ proffered in *The Order of Things*.⁴² Indeed, for Foucault, the birth of the modern age is most acutely discernable in the writings of Kant, in whose ‘critical philosophy’ he sees the foundational elements of the modern *episteme* being

³⁸ Foucault, Michel, *The Order of Things: An Archaeology of the Human Sciences*, Routledge Classics ed., transl. unknown (Abingdon 2002 [1966]: Routledge), xiii.

³⁹ *Ibid.*, xxiii-xxiv.

⁴⁰ *Ibid.*, xxiv.

⁴¹ In chapter 4 I enter into a more detailed discussion of the content of *The Order of Things*. I also refer to reader to the following accounts: Dreyfus & Rabinow, *Michel Foucault*; Gutting, Gary, *Michel Foucault’s Archaeology of Scientific Reason* (Cambridge 1989: Cambridge University Press); Major-Poetzl, Pamela, *Foucault’s Archaeology of Western Culture: Toward a New Science of History* (Brighton 1983: Harvester Press); Sabot, Philippe, *Lire Les mots et les choses de Michel Foucault*, 2nd ed. (Paris 2014 [2006]: Presses Universitaires de France).

⁴² Foucault, *The Order of Things*, 55.

articulated fully for the first time.⁴³ Modern thought and science are, in other words, grounded in an epistemological apparatus the central categories of which were heralded by the Kantian project. Because, according to Foucault, the modern *episteme* has not yet run its course—even though there are signs ‘that the whole of this configuration is about to topple’—, ‘the Kantian critique’ that inaugurated it ‘still forms the immediate space of our reflection’.⁴⁴ By making this claim—which I discuss in greater detail in chapter 4—Foucault thus openly situates his own work in relation to Kant’s for the first time, suggesting that archaeology, although it stands at the threshold of ‘a future thought’, is itself of necessity grounded in the modern *episteme* and therefore finds its own principle of positivity in the critical project.⁴⁵

With *The Archaeology of Knowledge*, first published in 1969, Foucault’s “archaeological phase” came to a close. This book sits awkwardly in the series discussed up until now, as it does not submit a discrete historical hypothesis, offering instead an attempt to more systematically explain the archaeological project of which the preceding books ‘were a very imperfect sketch’.⁴⁶ Yet, despite presenting the book as such, Foucault seems interested less in carefully describing the method developed across his previous work than in, as Roberto Machado puts it, the ‘setting up of new bases for later research that archaeological history might carry out’.⁴⁷ Indeed, *The Archaeology of Knowledge* introduces a spate of new conceptual distinctions and identifies various new levels of analysis even as it contains no trace of several concepts used in earlier books, such as the concept of “alienation” that is so central to the *History of Madness* and the “gaze” conceptualised in *The Birth of the Clinic*. Nevertheless, Foucault takes care to state explicitly that all of his archaeologies were pieces of a larger “enterprise”:

⁴³ Ibid., 261.

⁴⁴ Ibid., 421, 419.

⁴⁵ Ibid., 421. Cf. Dreyfus & Rabinow, *Michel Foucault*, 90ff; Major-Poetzl, *Foucault’s Archaeology of Western Culture*, 150; Sabot, *Lire Les mots et les choses*, 1ff; Webb, *Foucault’s Archaeology*.

⁴⁶ Foucault, Michel, *The Archaeology of Knowledge*, Routledge Classics ed., transl. A.M. Sheridan Smith (Abingdon 2002 [1969]: Routledge), 16.

⁴⁷ Machado, Roberto, ‘Archaeology and Epistemology’, in: Armstrong, Timothy J. (ed.), *Michel Foucault Philosopher*, transl. T.J. Armstrong (New York 1992 [1989]: Harvester Wheatsheaf): 3-19, 5.

An enterprise by which one tries to measure the mutations that operate in general in the field of history; an enterprise in which the methods, limits, and themes proper to the history of ideas are questioned; an enterprise by which one tries to throw off the last anthropological constraints [*sujétions anthropologiques*]; an enterprise that wishes, in return, to reveal how these constraints could come about.⁴⁸

This enterprise, which seeks to identify and “throw off” the historical limits that constrain our present condition, is precisely what, later in his life, Foucault would come to describe as the “philosophical attitude” that he inherited from Kant.

What is more, when replying to a review of *The Order of Things* in 1971, Foucault even admitted that the very term “archaeology” comes from Kant,⁴⁹ even though the latter, as Colin McQuillan has demonstrated, used it only once in his lifetime, namely in a series of “jottings” for an unfinished essay on the historical progress of metaphysics.⁵⁰ For Kant, a ‘philosophical archaeology’ would be able to establish the historical ‘development of human reason’, ‘not historically or empirically, but rationally, i.e., *a priori*’.⁵¹ By adopting the term “archaeology”, Foucault seeks to invoke the Kantian aspiration to write a history of reason, but not without amending that project in a fundamental manner. Rather than offer a history of reason that departs from Reason and the Subject as *transcendental* notions, Foucault seeks radically to *historicise* both. Thus, in *The Archaeology of Knowledge* he writes of his archaeological project that ‘the essential task was to free the history of thought from its subjection to transcendence’;⁵² a gesture he

⁴⁸ Foucault, *Archaeology of Knowledge*, 16.

⁴⁹ See Foucault, ‘Monstrosities in Criticism’, 60.

⁵⁰ McQuillan, Colin, ‘Philosophical Archaeology in Kant, Foucault, and Agamben’, *Parrhesia* 10 (2010): 39-49. See also Agamben, Giorgio, *The Signature of All Things: On Method*, transl. L. D’Isanto & K. Attell (New York 2009 [2008]: Zone Books), ch. 3.

⁵¹ Kant, Immanuel, *Theoretical Philosophy after 1781*, ed. H. Allison & P. Heath, transl. G. Hatfield and others (Cambridge 2002: Cambridge University Press), 417.

⁵² Foucault, *Archaeology of Knowledge*, 223. See also Foucault, ‘Preface to *The History of Sexuality*, Volume II’, 336: ‘All of this bears upon the work and teaching I have labeled “the history of systems of thought”; it infers a double reference: to philosophy, which must be asked to explain how thought could have a history, and to history, which must be asked to produce the various forms of thought in whatever concrete forms they may assume (system of representations, institutions, practices).’

repeats in ‘What is Enlightenment?’ when, in the passage already discussed above, he writes that his work is ‘[a]rchaological—and not *transcendental*’.⁵³

In sum, the philosophical stakes of archaeology are inscribed into Foucault’s early work on three strata. Indeed, the analytical terminology it relies upon, its position vis-à-vis the modern *episteme* and its very name all indicate that in inaugurating the archaeological project, Foucault sought to turn on its head Kant’s ambition of writing a history of reason. Thus, when, in a 1983 interview, Foucault came to speak about his reasons for writing the *History of Madness*, he said: ‘There is a history of the subject just as there is a history of reason; but we can never demand that the history of reason unfold as a first and founding act of the rationalist subject.’⁵⁴ To Kant’s notion of a “rational, *a priori*” archaeology of reason, Foucault thus juxtaposes an historical one; an archaeology, that is, which affirms not the universality of reason but its ‘historicity’.⁵⁵ These stakes are captured, as Béatrice Han has argued, by the notion of the “historical *a priori*”, which features prominently in *The Order of Things* and *The Archaeology of Knowledge*, replacing the “concrete *a priori*” spoken of in the *History of Madness* and *The Birth of the Clinic*.⁵⁶ Indeed, by gesturing towards the possibility of an *a priori* that is historical, not rational, Foucault directly contradicts the vision of a philosophical archaeology forwarded by Kant, for whom, as observed above, the *a priori* is necessarily ahistorical.

Archaeological Questions

I have foregrounded the philosophical stakes of archaeology in order to emphasise that, for Foucault, archaeology is not merely the name of a discrete set of analytical tools that may be used in the history of thought or in the social sciences; rather, it is first and foremost a philosophical project the primary objective of which is to

⁵³ Foucault, ‘What is Enlightenment?’, 113.

⁵⁴ Foucault, Michel, ‘Structuralism and Post-Structuralism’, in: *Essential Works of Foucault, vol. 2*: 433-458, 438. For a detailed engagement with Foucault’s understanding of his own work as a “history of reason”, see Cornelissen, Lars, ‘What is Political Rationality?’, *Parrhesia* 29 (forthcoming).

⁵⁵ Foucault, ‘Structuralism and Post-Structuralism’, 438.

⁵⁶ Han, *Foucault’s Critical Project*, 4. See also Han, Béatrice, ‘The Analytic of Finitude and the History of Subjectivity’, transl. E. Pile, in: Gutting, Gary (ed.), *The Cambridge Companion to Foucault*, 2nd ed. (Cambridge 2005: Cambridge University Press): 176-209.

make possible a different way of writing history. As a result, the archaeologist is characterised less by the deployment of certain terms or concepts—such as the *episteme*, discontinuity or the discursive formation—and more by the act of posing a certain type of question, of seeking access to a certain mode of analysis. As Foucault put it in a 1966 interview:

By “archaeology” I would like to designate not exactly a discipline but a domain of research, which would be the following: in a society, different bodies of learning, philosophical ideas, everyday opinions, but also institutions, commercial practices and police activities, mores—all refer to a certain implicit knowledge [*savoir*] special to this society. This knowledge is profoundly different from the bodies of learning [*des connaissances*] that one can find in scientific books, philosophical theories, and religious justifications, but it is what makes possible at a given moment the appearance of a theory, an opinion, a practice.⁵⁷

This is not to say that the analytical tools that Foucault forged in his various archaeological studies have no connection to archaeological analysis; the point is, rather, that the tools put to use by the archaeologist are determined by the precise problematic under investigation.⁵⁸ The analysis forwarded in the *History of Madness*, for instance, does not require the concept of the *episteme*, because the function of the latter is the identification of the most fundamental epistemic rules underlying several different scientific domains; just as the hypotheses forwarded in *The Order of Things*, concerned as they are with the positivity of scientific thought, have no use for the analysis of institutional structures or the concept of the gaze as developed in *The Birth of the Clinic*.

It is not merely the set of tools and concepts used that shifts according to the problematic under scrutiny. Indeed, the nature of the archaeological events studied similarly varies. For instance, in his *History of Madness*, Foucault pays considerable attention to the pivotal role played by various socio-economic or

⁵⁷ Foucault, ‘The Order of Things’, 261.

⁵⁸ See also Gros, Frédéric, *Michel Foucault*, 4th ed. (Paris 2014 [1996]: Presses Universitaires de France), 50ff; Han, *Foucault’s Critical Project*, ch. 2; Machado, ‘Archaeology and Epistemology’; Webb, *Foucault’s Archaeology*, 142.

legal events (such as the “Great Confinement”) in the emergence of psychiatry, while *The Birth of the Clinic* analytically privileges institutional developments. *The Order of Things*, meanwhile, is entirely confined to an analysis of what Foucault calls the successive *epistemes* that have grounded scientific knowledge in the West, analysing events that took place in thought (such as the “Kantian turn” in metaphysics and the subsequent birth of the human sciences) but side-lining socio-economic, legal and institutional factors entirely.⁵⁹

Foucaultian archaeology, in summation, offers a way of writing history unburdened by philosophical assumptions about the transcendental subject, the universality of certain forms of knowledge or the existence of historico-scientific progress. The practice of archaeology involves the posing of a certain type of question, one that seeks to gain access to ‘the stratum of knowledge that constitutes [practices, institutions and theories] historically’.⁶⁰

As outlined in chapter 1 and discussed in more detail in the seam following the present chapter, this dissertation seeks principally to isolate an epistemological event—that is, an event located primarily on the register of (scientific) thought itself. For this reason, my research sits in close proximity to *The Order of Things* and *The Archaeology of Knowledge*. I shall now discuss in more detail the analytical framework these books make available.

An Analytics of Discourse

How does one isolate an historical event that exists neither on the surface level of factual discursive statements nor on the level of an internal rationality, an historical *telos*, that drives the progress of knowledge? How does one gain access to the regime of knowledge that was the historical condition of possibility of a certain set of institutions, theories and practices? How does one identify the historical specificity of a certain mode of reasoning? These were the questions

⁵⁹ Foucault reflects on these differences in a 1967 interview, saying for instance that ‘one is presented with two perpendicular axes of description: that of the theoretical models common to several discourses, and that of the relations between the discursive domain and the nondiscursive domain. In *The Order of Things* I covered the horizontal axis, in *Madness and Civilization*, the vertical dimension of the figure.’ (Foucault, Michel, ‘On the Ways of Writing History’, in: *Essential Works of Foucault, vol. 2*: 279-295, 285.)

⁶⁰ Foucault, ‘The Order of Things’, 262.

that Foucault took up most rigorously in *The Order of Things* and in *The Archaeology of Knowledge*. In formulating his answers, he forged a formidable conceptual apparatus, which the latter book seeks to set out systematically. Here I wish to draw from these texts the analytical framework that I shall be applying in chapters 4 and 5. While I do so by discussing, consecutively, four crucial concepts—i.e., discontinuity, *episteme*, discursive formation and discursive elements—my aim, in keeping with the preceding discussion, is less to articulate a rigid set of tools than it is to identify the lines of inquiry that archaeology allows one to pursue.

Discontinuity.⁶¹ As already noted, *The Order of Things* sets out to document the history of Western thought. In doing so, however, it refuses to rely upon the idea that Western thought has developed progressively, that is, has gradually proceeded towards a final understanding of universal truths. Instead, the book seeks to establish several moments of “discontinuity”, “rupture” or “mutation”; that is, moments at which thought undergoes a profound upheaval. *The Order of Things*, in other words, attempts to think the history of thought by way of the concept of [d]iscontinuity—the fact that within the space of a few years a culture sometimes ceases to think as it had been thinking up till then and begins to think other things in a new way’.⁶²

Accordingly, discontinuity is of central importance to archaeology. Indeed, insofar as Foucault’s archaeological analysis seeks to set itself apart from contemporaneous practices of historiography, it does so by privileging moments of historical rupture or epistemological mutation as opposed to identifying historical continuities. Thus, in the introduction of *The Archaeology of Knowledge*, Foucault observes that recent developments in the field of historiography have seen the arrival of two diametrically opposed methodologies: on the one hand,

⁶¹ My aim here is not to provide an exhaustive account of the notion of discontinuity, its role in Foucault’s thought, or the meaning assigned to it by such historians as Gaston Bachelard, Georges Canguilhem or Louis Althusser. For such discussions, see, e.g., Machado, ‘Archaeology and Epistemology’; Major-Poetzel, *Foucault’s Archaeology of Western Culture*; Webb, *Foucault’s Archaeology*.

⁶² Foucault, *The Order of Things*, 56. See also Foucault, *History of Madness*, 395: ‘[W]hat we seek is not the value that madness took for us, but the movement through which it took its place in the perceptions of the eighteenth century, the series of ruptures, discontinuities and explosions that make it what it is for us, and the opaque memories of all that it has been.’

practitioners of ‘traditional history’—by which Foucault primarily means adherents of the then influential *Annales* School—prefer to study ‘long periods, as if, beneath the shifts and changes of political events, they were trying to reveal the stable, almost indestructible system of checks and balances’;⁶³ on the other, historians of thought—including, for instance, Georges Canguilhem, Louis Althusser, and Martial Guérout—have come to study ‘the phenomena of rupture, of discontinuity’.⁶⁴ Foucault aligns his own work with the latter historiographical tradition, insisting that discontinuity ‘has now become one of the basic elements of historical analysis’.⁶⁵

To say that archaeology privileges discontinuities is, however, not to say that it disregards continuities or that it sees no value in historical regularities. On the contrary, the ultimate objective of the archaeologist is to identify fields of regularity, or, as Foucault puts it, ‘systems of statements’, that is, the mechanisms by which statements (*énoncés*) or series of statements come to be assigned the status of scientific object, of truth claim or of scientific discipline.⁶⁶ The identification of these systems of statements proceeds, then, by means of identifying discontinuities, but their study is not limited to these events of rupture; rather, the object of the archaeologist is always to uncover ‘a tangle of continuities and discontinuities’, and they are as interested in the regular repetition of a series of statements, which indicates the existence of a discrete “discursive formation” (discussed below), as they are in the sudden upheaval in the epistemic order of a given scientific discipline or culture.⁶⁷

For Foucault, the notion of discontinuity fulfils a threefold role in archaeology:

First, it constitutes a deliberate operation on the part of the historian (and not a quality of the material with which he has to deal): for the [*sic*] must, at least as a systematic hypothesis, distinguish the possible levels of

⁶³ Foucault, *Archaeology of Knowledge*, 3.

⁶⁴ *Ibid.*, 4. Cf. Major-Poetzl, *Foucault’s Archaeology of Western Culture*, 12ff; Sheridan, Alan, *Michel Foucault: The Will to Truth* (London 1980: Routledge), 91f; Webb, *Foucault’s Archaeology*, 41ff.

⁶⁵ Foucault, *Archaeology of Knowledge*, 9. See also Foucault, Michel, ‘On the Archaeology of the Sciences: Response to the Epistemological Circle’, in: *Essential Works of Foucault, vol. 2*: 297-333.

⁶⁶ Foucault, *Archaeology of Knowledge*, 145. Cf. Webb, *Foucault’s Archaeology*, 142.

⁶⁷ Foucault, *Archaeology of Knowledge*, 195.

analysis, the methods proper to each, and the periodization that best suits them. Secondly, it is the result of his description (and not something that must be eliminated by means of his analysis): for he is trying to discover the limits of a process, the point of inflexion of a curve, the inversion of a regulatory movement, the boundaries of an oscillation, the threshold of a function, the instant at which a circular causality breaks down. Thirdly, it is the concept that the historian's work never ceases to specify (instead of neglecting it as a uniform, indifferent blank between two positive figures); it assumes a specific form and function according to the field and the level to which it is assigned: one does not speak of the same discontinuity when describing an epistemological threshold, the point of reflexion in a population curve, or the replacement of one technique by another.⁶⁸

Discontinuity, in other words, is not an historical *datum* that lies dormant in the archive until the historian discovers it and makes it speak; on the contrary, the establishment of an historical rupture is an operation of the historian themselves. This is not to say that history, in David Webb's words, enters 'the realm of fiction', that discontinuities are the fabrications of the scholar.⁶⁹ Rather, it means that the position of the historian is at once an active and a relative one: active, for by deciding to study a certain historical event rather than another they impose upon their material certain methods and questions even as they abandon others; relative, because the historian themselves of necessity bears a relation to the material that they study, which is always 'the subsoil of our consciousness of meaning' and therefore features amongst the historical *a priori* of our own mode of thinking.⁷⁰

Archaeology, then, does not commit the historian to one level of analysis only, as discontinuities can be found on several such levels. Foucault identifies four:

the level [*plan*] of the statements [*énoncés*] themselves in their unique emergence; the level of the appearance of objects, types of enunciation,

⁶⁸ Ibid., 9-10.

⁶⁹ Webb, *Foucault's Archaeology*, 44.

⁷⁰ Foucault, 'The Order of Things', 263.

concepts, strategic choices (or transformations that affect those that already exist); the level of the derivation of new rules of formation on the basis of rules that are already in operation—but always in the element of a single positivity; lastly, a fourth level, at which the substitution of one discursive formation for another takes place (or the mere appearance and disappearance of a positivity).⁷¹

The identification of the level of analysis constitutes, as already noted, an active intervention on the part of the historian. Let me discuss three of these levels in some more detail: the *episteme*, the discursive formations that inhabit it and the discursive elements of which the latter are, in turn, made up.

The episteme. The analytical focal point of *The Order of Things*, the *episteme* is defined in that text as ‘the epistemological field [...] in which knowledge, envisaged apart from all criteria having reference to its rational value or to its objective forms, grounds its positivity and thereby manifests a history which is not that of its growing perfection, but rather that of its conditions of possibility’.⁷² The *episteme*, in other words, is the most fundamental set of rules for the formulation of discursive statements that is at work in a given culture at any one time. ‘In any given culture and at any given moment, there is always only one *episteme* that defines the conditions of possibility of all knowledge, whether expressed in a theory or silently invested in a practice.’⁷³ Discontinuities that take place on the level of the *episteme* are the most profound epistemic ruptures that thought can undergo; they are moments where the very “positivity” of discursive formations, that is, the very fact of their being possible, comes to be dependent upon a wholly different set of fundamental principles.

In *The Archaeology of Knowledge*, Foucault defines the *episteme* in the following manner:

By *episteme*, we mean [...] the total set of relations that unite, at a given period, the discursive practices that give rise to epistemological figures,

⁷¹ Foucault, *Archaeology of Knowledge*, 189.

⁷² Foucault, *The Order of Things*, xxiii-xxiv.

⁷³ *Ibid.*, 183.

sciences, and possibly formalized systems; [...] it is the totality of relations that can be discovered, for a given period, between the sciences when one analyses them at the level of discursive regularities.⁷⁴

He goes on to claim that the *episteme* is not a rigid framework that determines, exhaustively, the limits of thought or the exact content of the discourses it envelops for a given period, but that it is, rather, ‘a constantly moving set of articulations, shifts, and coincidences that are established, only to give rise to others’.⁷⁵ The *episteme*, differently put, is the most general set of relations that exist between all existing discursive formations, but as these formations themselves undergo changes, experience internal ruptures or even appear or disappear entirely, the *episteme* changes accordingly.

The discursive formation. In the chapter of *The Archaeology of Knowledge* that bears the title ‘Discursive Formations’, Foucault writes: ‘whenever, between objects, types of statement, concepts, or thematic choices, one can define a regularity (an order, correlations, positions and functionings, transformations), we will say, for the sake of convenience, that we are dealing with a *discursive formation*’.⁷⁶ In other words, a discursive formation—or “discursive division”—is a distinct field of statements possessive of internal coherence, of an identifiable series of objects and terms and of a more or less stable set of ‘rules of formation’, that is, the conditions that regulate the existence of its discrete elements.⁷⁷ Examples of discursive formations include such scientific domains—or, as he terms them in *The Order of Things*, “epistemological fields”—as natural history, political economy and psychopathology,⁷⁸ but discursive formations need not be coextensive with scientific disciplines. The discursive formation analysed in the *History of Madness*, for instance, includes the psychiatric discipline but is in no way restricted to it, as it ‘is also found in operation in legal texts, in literature, in philosophy, in political decisions, and in the statements made and the opinions

⁷⁴ Foucault, *Archaeology of Knowledge*, 211.

⁷⁵ *Ibid.*

⁷⁶ *Ibid.*, 41. Cf. Gutting, *Foucault’s Archaeology of Scientific Reason*, 231ff; Webb, *Foucault’s Archaeology*, 60.

⁷⁷ Foucault, *Archaeology of Knowledge*, 42.

⁷⁸ See e.g. *ibid.*, 70, 196. Cf. Gutting, *Foucault’s Archaeology of Scientific Reason*, 232-233.

expressed in daily life'.⁷⁹ Similarly, *The Birth of the Clinic* studies clinical medicine, which is a unified discourse but which includes, beside scientific statements, a range of legal discourses and institutional practices. The reason that Foucault thus eschews more ordinary terms such as "scientific discipline" or "theory" is that these often entail an array of normative preconceptions about their truthfulness (as in the case of "scientific discipline"), are not sufficiently circumscribed to be analytically valuable (as in the case of "theory") or are, in any case, too narrow to be able to capture those statements that are not strictly speaking "scientific" or "theoretical".⁸⁰

Just as the concept of the *episteme* allows Foucault to analyse, in *The Order of Things*, the synchronic regularities that, in a given epoch, cut across several distinct scientific fields, the concept of discursive formation allows him to explain the diachronic developments undergone over a longer period of time by a single discursive formation. This is not to say, of course, that the archaeologist must choose between synchronic and diachronic analysis; rather, they isolate a discursive formation in order to locate it on multiple axes and in relation to other discursive formations.⁸¹ As such, the concept of discursive formation permits the analysis of the proximities or distances that exist between several discursive formations. Indeed, the domain of political economy, Foucault explains in *The Order of Things*, is what develops out of the classical analysis of wealth with the archaeological rupture that inaugurates modernity and, as a result, the statements formulated by Adam Smith are at once proximate to and distant from those formulated by David Ricardo and Karl Marx in that they share certain discursive objects (such as money) and concepts (such as value) but are grounded in wholly different *epistemes*. Conversely, political economy is proximate to biology in that both owe their positivity to the modern *episteme*, yet the objects and concepts that are constitutive of both are largely dissimilar.

Discursive elements. Discursive formations are, then, fields of 'discursive elements' tied together by a system of rules and possessive of archaeologically

⁷⁹ Foucault, *Archaeology of Knowledge*, 197.

⁸⁰ Cf. Sheridan, *Michel Foucault*, 96f.

⁸¹ See Foucault, *Archaeology of Knowledge*, 186. Cf. Webb, *Foucault's Archaeology*, 72.

identifiable regularities.⁸² But what, precisely, are these “elements” constitutive of discursive formations? In *The Archaeology of Knowledge*, Foucault privileges four types of discursive elements: objects, statements, concepts and strategies. By ‘discursive objects’ Foucault means those objects given to knowledge and studied by the scientist, referenced by the judge or simply experienced in quotidian settings. The discursive formation of psychopathology, for instance, revolves centrally around the object of “madness”, but includes numerous other discursive objects, such as hallucinations, sexual aberrations and criminality.⁸³

The discursive statements produced about these objects constitute the second type of element encountered in discursive formations. When speaking of a “statement” (*énoncé*), Foucault emphatically does not refer to a grammatical sentence, to a scientific proposition or to a speech act, but to the ‘function of existence’ of signs.⁸⁴ That is, by “statement” ‘Foucault means not the words spoken or written’, as Alan Sheridan writes, ‘but the act of speaking or writing them, the context in which they are uttered, the status or position of their author’.⁸⁵ The statement, then, refers the archaeologist to a level at which certain discursive objects are related one to the other by a certain speaker, from a certain (institutional) site and in a certain network of relationships. Think, for example, of the fact that there exists a marked difference between a doctor declaring, in a clinical setting and to a patient, that a certain bodily morphology of the latter’s is indicative of a specific disease and the utterance of that same statement by a different speaker, in a different setting or about another subject.⁸⁶

“Concepts”, according to Foucault, are discursive elements constructed by scientists to organise fields of statements, to articulate discursive objects to one another and to facilitate the analysis both of statements and of objects. In *The Order of Things*, for instance, Foucault describes labour as a concept that, from the publication of the *Wealth of Nations* onwards, fulfilled a central role in economic analysis, functioning as the point of access to processes of the accumulation,

⁸² Foucault, *Archaeology of Knowledge*, 178.

⁸³ See *ibid.*, 45.

⁸⁴ *Ibid.*, 97. For Foucault’s discussion of the difference between statements on the one hand and propositions, sentences, and speech acts on the other, see *ibid.*, 91ff.

⁸⁵ Sheridan, *Michel Foucault*, 99.

⁸⁶ See Foucault, *Archaeology of Knowledge*, 55ff.

distribution and consumption of wealth.⁸⁷ Concepts, residing on the surface of discourse, are themselves of little interest to the archaeologist, who prefers to chart the schemata underlying the formation of concepts or, in Foucault's words, 'the field in which concepts can coexist and the rules to which this field is subjected'.⁸⁸ The question, for instance, is not so much what natural historians of the 18th century and, after them, biologists of the 19th century meant when they used the concept of organic structure, but why it is the case that organic structure functioned for the former as a principle of classification of organisms' surface visibilities, yet served for the latter 'as a foundation for ordering nature', a foundation that is internal to the organism.⁸⁹

The fourth and final type of discursive element that Foucault identifies is the "strategy". Strategies are 'certain organizations of concepts, certain regroupings of objects, certain types of enunciation, which form, according to their degree of coherence, rigour, and stability, themes or theories'.⁹⁰ They are, in other words, explanatory frameworks or scientific hypotheses that circulate in a given discursive formation or between several discursive formations. Examples of such strategies are the theme of evolutionary development, which was used by 18th-century natural historians to explain lacunae in the science of taxonomy and which resurfaced in 19th century biology to explain the history of species, and the theory of ground rent, first developed by the Physiocrats and later turned on its head by Ricardo.⁹¹ Yet the archaeological analysis of strategies does not seek to establish continuities on the basis of themes or theories that recur over time; rather it attempts to explain how the same strategy can appear in different *epistemes* or can be articulated to different discursive formations; or indeed how one strategy can coexist, in a single *episteme* or discursive formation, with strategies with which it is inherently irreconcilable, as was the case with the coexistence, in the 18th century analysis of wealth, of Physiocracy and Utilitarianism.⁹²

⁸⁷ See Foucault, *The Order of Things*, 240.

⁸⁸ Foucault, *Archaeology of Knowledge*, 67. Cf. Webb, *Foucault's Archaeology*, 72ff.

⁸⁹ Foucault, *The Order of Things*, 251.

⁹⁰ Foucault, *Archaeology of Knowledge*, 71.

⁹¹ See *ibid.*, 39f, 71ff.

⁹² See *ibid.*, 76; cf. Foucault, *The Order of Things*, 213.

In summation, the analytical tools that Foucault constructed in his various archaeological studies make possible the localisation and isolation of the factors, both discursive and extra-discursive, that together function as the historical *a priori* of a given problematic—which may be the birth of a discursive object (such as “madness”), a fundamental epistemological rupture (such as the “critical turn”), or an event in the political life of society (such as the emergence of a new governmentality). The exact tools used and the precise level analysed depends upon the research object. Indeed, when reflecting upon his earlier studies in *The Archaeology of Knowledge*, Foucault writes:

the problem was to describe in each case the discursive formation in all its dimensions, and according to its own characteristics: it was necessary therefore to describe each time the rules for the formation of objects, modalities of statement, concepts, and theoretical choices. But it turned out that the difficult point of the analysis, and the one that demanded greatest attention, was not the same in each case.⁹³

He goes on to list the specific difficulties encountered in each of his previous works; difficulties that prompted him to make ‘theoretical choices’ specific to each.⁹⁴

Conclusion

In the present chapter I have drawn upon Foucault’s early writings to construct a set of analytical tools that may be used in the study of neoliberalism’s prehistory. I have sought to situate these writings in Foucault’s oeuvre, arguing that although the term “archaeology” largely receded into the background after the publication of *The Archaeology of Knowledge*, the archaeological method continued to form a fundamental part of his historical analyses. I have argued that, for Foucault, archaeology, far from merely being the name of a certain rigid analytical

⁹³ Foucault, *The Archaeology of Knowledge*, 72.

⁹⁴ Ibid.

framework, is principally a certain philosophical way of writing history; one that self-consciously and emphatically seeks to turn Kantian critique on its head.

Since, as I have indicated, the precise tools used in an archaeological study depend upon the object in question, the pressing question now is: where must an archaeological investigation of neoliberalism commence? As I shall show in the seam that separates the two parts of this dissertation, Foucault already offers a first attempt at raising this question, but his subsequent answer leaves much to be desired. Accordingly, in the chapters that constitute the second part, I shall endeavour to address the lacunae left by his all-too-cursory archaeological analysis of neoliberalism.

SEAM

In the first part of this dissertation, I have entered into conversation with contemporary critics of neoliberalism, focusing specifically on the methodological limitations of the historiographical frameworks they most frequently employ. In the second part, I develop an archaeological analysis of the emergence of neoliberal thought in the 1930s. Part methodological commentary, part engagement with the archive of neoliberal thought, the present section seeks to stitch these two parts together without thereby fusing them. It is, then, a seam in two senses of that term: it functions both as a point of contact between both parts and as a discrete layer separating them.

Epistemological Mutation

I have established that for Michel Foucault, the inquiry into the history of a form of problematisation requires, in the first instance, the isolation of the historical event of its emergence. The method appropriate to this task is archaeology; the question asked is: which series of epistemological mutations formed the historical condition of possibility of this event? The archaeology of neoliberalism must thus begin with an examination of the epistemic foundations of neoliberalism. It must, in other words, ask what constituted the general field of reference of neoliberal thought.

In his lectures on *The Birth of Biopolitics*, Foucault sets the stage for such an analysis when, in an attempt to distinguish what he calls “American neoliberalism” from German ordoliberalism, he comes to reflect in some detail on the neoliberal ‘methods of analysis’.¹ I quote at length:

In effect, the American neo-liberals say this: It is strange that classical political economy has always solemnly declared that the production of goods depends on three factors—land, capital, and labor—while leaving the third unexplored. It has remained, in a way, a blank sheet on which the economists have written nothing. Of course, we can say that Adam Smith’s

¹ Foucault, Michel, *The Birth of Biopolitics: Lectures at the Collège de France, 1978-79*, ed. M. Senellart, transl. G. Burchell (Basingstoke 2008 [2004]: Palgrave Macmillan), 219.

economics does begin with a reflection on labor, inasmuch as for Smith the division of labor and its specification is the key which enabled him to construct his economic analysis. But apart from this sort of first step, this first opening, and since that moment, classical political economy has never analyzed labor itself, or rather it has constantly striven to neutralize it, and to do this by reducing it exclusively to the factor of time. This is what [David] Ricardo did when, wishing to analyze the nature of the increase of labor, the labor factor, he only ever defined this increase in a quantitative way according to the temporal variable. That is to say, he thought that the increase or change of labor, the growth of the labor factor, could be nothing other than the presence of an additional number of workers on the market, that is to say, the possibility of employing more hours of labor thus made available to capital. Consequently there is a neutralization of the nature itself of labor, to the advantage of this single quantitative variable of hours of work and time, and basically classical economics never got out of this Ricardian reduction of the problem of labor to the simple analysis of the quantitative variable of time. And then we find an analysis, or rather non-analysis of labor in [John Maynard] Keynes which is not so different or any more developed than Ricardo's analysis. What is labor according to Keynes? It is a factor of production, a productive factor, but which in itself is passive and only finds employment, activity, and actuality thanks to a certain rate of investment, and on condition clearly that this is sufficiently high. Starting from this criticism of classical economics and its analysis of labor, the problem for the neo-liberals is basically that of trying to introduce labor into the field of economic analysis.²

Here, in uncharacteristically broad brushstrokes, Foucault paints a rough picture of the development of classical political economy, establishing that the science of political economy underwent no significant changes in the period stretching from the publication, in 1817, of David Ricardo's *Principles of Political Economy and Taxation* to that, in 1936, of John Maynard Keynes's *General Theory of Employment, Interest and Money*. Indeed, in Foucault's reading, Keynes no less than Ricardo

² Ibid., 219-220.

‘only ever envisaged the object of economics as processes of capital, of investment, of the machine, of the product, and so on’.³

Michel Senellart, the editor of *The Birth of Biopolitics* and of many of Foucault’s other lecture series at the Collège de France, relied upon Foucault’s lecture notes, his personal library and the marginalia and markings scribbled in the secondary material used for the preparation of his lectures to reconstruct the sources of many of Foucault’s empirical and hermeneutic claims. In this way, Senellart discovered that Foucault had effectively copied the claim that Keynes’s *General Theory* essentially relies upon the Ricardian theory of productive labour from a recent essay on human capital theory authored by two contemporary economic theorists called M. Riboud and F. Hernandez Iglesias.⁴ Senellart also observes that when gesturing towards the connection between the “problem of labour” and the “variable of time” in Ricardian economics, Foucault actively attempts to evoke his discussion of classical political economy in *The Order of Things*; a discussion that focuses upon the writings of Ricardo and Karl Marx and that does not include any writers who came after the publication of the first volume of *Capital* in 1867.⁵

Based on Senellart’s editorial notes, it is thus possible to reconstruct the argument put forward in this passage in some more detail. In effect, Foucault seeks to establish that the emergence of neoliberalism in the 1930s was, in the first instance, a critique of the labour theory of value that had underpinned classical political economy from Ricardo to Keynes. This claim relies upon the presupposition that the analysis, proffered in *The Order of Things*, of the classical theory of value can be extended to include the *General Theory*; a presupposition that, in Foucault’s view, is validated by Riboud and Hernandez Iglesias’s essay. But if the classical understanding of labour was not subjected to critique until the 1930s, when the neoliberals began to do so, it follows that one must understand the birth of neoliberal economic analysis as an epistemological break. This, indeed, is the view taken by Foucault. Shortly after the passage quoted above he makes the following series of claims:

³ Ibid., 222.

⁴ See *ibid.*, 234n12 and 235n16.

⁵ See *ibid.*, 234n13 and 235n15.

[T]he essential epistemological mutation [*la mutation épistémologique essentielle*] of these neo-liberal analyses is their claim to change what constituted in fact the object, or domain of objects, the general field of reference of economic analysis. In practice, economic analysis, from Adam Smith to the beginning of the twentieth century, broadly speaking takes as its object the study of the mechanisms of production, the mechanisms of exchange, and the data of consumption within a given social structure, along with the interconnections between these three mechanisms. Now, for the neo-liberals, economic analysis should not consist in the study of these mechanisms, but in the nature and consequences of what they call substitutable choices, that is to say, the study and analysis of the way in which scarce means are allocated to competing ends, that is to say, to alternative ends which cannot be superimposed on each other. In other words, we have scarce means, and we do not have a single end or cumulative ends for which it is possible to use these means, but ends between which we must choose, and the starting point and general frame of reference for economic analysis should be the way in which individuals allocate these scarce means to alternative ends.⁶

For Foucault, then, neoliberal economic analysis introduces a new discursive object into economics, thus displacing its original object; a feat that amounts to an “epistemological mutation”.⁷

In an attempt to locate this break more precisely, Foucault goes on to identify one specific text that was of crucial importance to the formation of neoliberal economics: Lionel Robbins’s 1932 book, *An Essay on the Nature and Significance of Economic Science*. In Foucault’s account, when they define the object of economic analysis as “substitutable choices”, neoliberal economists

⁶ Ibid., 222. Translation amended.

⁷ As observed in the preceding chapter, Foucault’s archaeological works assign an important role to the notion of “mutation”. See, for example, Foucault, Michel, *The Order of Things: An Archaeology of the Human Sciences*, Routledge Classics ed., transl. unknown (Abingdon 2002 [1966]: Routledge), xxv, 235, 340, 422; Foucault, Michel, *The Archaeology of Knowledge*, Routledge Classics ed., transl. A.M. Sheridan Smith (Abingdon 2002 [1969]: Routledge), 6, 12, 13, 16.

return to, or rather put to work, a definition of the object of economics which was put forward around 1930 or 1932, I no longer remember, by Robbins, who, in this respect at least, may also be taken as one of the founders of the doctrine of economic liberalism: “Economics is the science of human behavior as a relationship between ends and scarce means which have mutually exclusive uses.” You can see that this definition of economics does not identify its task as the analysis of a relational mechanism between things or processes, like capital, investment, and production, into which, given this, labor is in some way inserted only as a cog; it adopts the task of analyzing a form of human behavior and the internal rationality of this human behavior. Analysis must try to bring to light the calculation—which, moreover, may be unreasonable, blind, or inadequate—through which one or more individuals decided to allot given scarce resources to this end rather than another. Economics is not therefore the analysis of processes; it is the analysis of an activity. So it is no longer the analysis of the historical logic of processes; it is the analysis of the internal rationality [*rationalité interne*], the strategic programming of individuals’ activity.⁸

Foucault proceeds to explain how such central figures as Theodore Schultz and Gary S. Becker went on to construct human capital theory upon the foundations laid by Robbins’s *Essay*.⁹

In summation, Foucault asserts that it was Robbins who, in the early 1930s, finally broke the century-long continuity that had reigned over political economy since Smith and Ricardo. In his view, this break, or epistemological mutation, consisted in the introduction of a new object of analysis, namely the object of substitutable choices, making possible the articulation of new concepts, such as “human capital”, the development of novel discursive practices, such as the ‘economic analysis of the non-economic’,¹⁰ and, eventually, the construction of new

⁸ Foucault, *Birth of Biopolitics*, 222-223.

⁹ See *ibid.*, 223ff. Foucault is correct in identifying Robbins’s influence on Becker in particular. In his 1976 book *The Economic Approach to Human Behavior*, Becker relies upon the definition of economics given in Robbins’s *Essay* in order to construct his own theory of human capital. (See Becker, Gary S., *The Economic Approach to Human Behavior* (Chicago, IL 1976: University of Chicago Press), 3-4.)

¹⁰ *Ibid.*, 243.

governmental technologies that target, precisely, subjects understood as human capital.¹¹ By locating this break in the early 1930s, Foucault effectively sutures the 65-year long divide that separates the publication of *Capital* in 1867, with which the account developed in *The Order of Things* ends, and the appearance of Robbins's *Essay* in 1932, which functions as the starting point of the analysis offered in *The Birth of Biopolitics*.

Repositioning Archaeology

I contend that by locating the epistemological mutation that made possible, first, neoliberal modes of economic analysis and, subsequently, neoliberal modes of governmentality in the early 1930s, Foucault makes an atypically large analytical error. As I submit in chapter 4, political economy's crucial break with the classical labour theory of value—and, consequently, the epistemological mutation that makes neoliberalism possible—takes place more than 60 years prior to the publication of Robbins's *Essay*, namely with what is conventionally known as the “marginal utility revolution” of the early 1870s.

The upshot of this error is that Foucault views the epistemological mutation that he has identified as being relevant only to the development of American neoliberalism; that is, to human capital theory and the understanding of subjectivity it entails. As a result, he overlooks the crucial role fulfilled by this mutation in the formation of ordoliberal thought, which, as I demonstrate in chapter 5, sought to erect upon the foundations provided by marginalism not a new theory of the subject but a novel philosophical understanding of societal order. By implication, this analytical error is similarly inscribed into the vast body of criticism that builds upon *The Birth of Biopolitics* and that, in doing so, takes the basic contours of Foucault's historical narrative for granted—which, as I have shown in chapter 2, includes the works of Pierre Dardot and Christian Laval, Maurizio Lazzarato and indeed Wendy Brown.

¹¹ See *ibid.*, 294ff. On human capital theory and neoliberal governmentality, see especially Feher, Michel, 'Self-Appreciation; or, The Aspirations of Human Capital', transl. I. Ascher, *Public Culture* 21 (2009 [2007]) 1: 21-41.

Once the conception of societal order that underpins neoliberal thought has been unearthed, it becomes possible to identify the place occupied by democracy in neoliberal thought. As I show in chapter 6, neoliberal theory's aversion to democratic legislation stems from its conception of society, the law and the market as "spontaneous orders", to use F.A. Hayek's term. Indeed, in the latter's hands, democracy comes to appear as fundamentally irreconcilable with processes of spontaneous ordering, leading him to construct a "model constitution" aimed primarily at insulating the legislature from all popular influence; an endeavour that he explicitly and emphatically frames as an attack on the concept of popular sovereignty.

However, before expanding upon this hypothesis in the remainder of this dissertation, I want to point towards several crucial clues that are already inscribed into Robbins's definition of economics and that Foucault, in his discussion of the topic, has overlooked.

The stated aim of Robbins's *Essay* is 'to arrive at precise notions concerning the subject-matter of Economic Science and the nature of the generalisations of which Economic Science consists'.¹² It is clear, then, that Robbins indeed aims to define the object—or, as he terms it, the "subject-matter"—of economic analysis, as Foucault claims. Yet, in doing so, he does not see himself as making a novel claim. 'For the views which I have advanced, I make no claim whatever to originality.'¹³ The question, then, is where Robbins believes his own definition of economics comes from.

In order to provide an answer to this question, it is important to trace the contours of Robbins's precise argumentation. The first chapter of the *Essay*, which discusses "the subject-matter of economics", opens with a critique of the received definition of economics; that is, the definition 'which relates it to the study of the causes of material welfare'.¹⁴ This definition, Robbins reasons, is far too narrow, as it does not allow the economist to study any activity or any commodity that is 'the object of demand' despite not pertaining to material welfare—such as, he suggests,

¹² Robbins, Lionel, *An Essay on the Nature and Significance of Economic Science*, 3rd ed. (London 1984 [1932]: Macmillan Press), xli.

¹³ *Ibid.*, xlii.

¹⁴ *Ibid.*, 4.

the labour of the opera singer and dancer.¹⁵ 'Whatever Economics is concerned with,' Robbins concludes, 'it is *not* concerned with the causes of material welfare as such'.¹⁶ This, it will be recalled, is precisely the aspect of Robbins's definition of economics that Foucault labels an "epistemological mutation".

In order to reach a more suitable definition of economics, Robbins turns to the classical example of "isolated man", that is, an individual who is stranded on a deserted island. He distinguishes between isolated man's "economic" activities and "non-economic" activities, by which he means, respectively, 'activities directed to the increase of material welfare and activities directed to the increase of non-material welfare'.¹⁷ He then goes on to argue that the very choice between these two forms of activity is itself an economic choice, due to the simple fact that isolated man's time is limited, meaning that time spent on a non-economic activity cannot be spent on an economic one, and vice versa. He explains this point by way of

the formulation of the exact conditions which make such division [between economic and non-economic activities] necessary. They are four. In the first place, isolated man wants both real income and leisure. Secondly, he has not enough of either fully to satisfy his want of each. Thirdly, he can spend his time in augmenting his real income or he can spend it in taking more leisure. Fourthly, it may be presumed that, save in most exceptional cases, his want for the different constituents of real income and leisure will be different. Therefore he has to choose. He has to economise. Whether he chooses with deliberation or not, his behaviour has the form of choice. The disposition of his time and his resources has a relationship to his system of wants. It has an economic aspect.¹⁸

Differently put, the choice between different types of activity—whether they pertain to material welfare or not—is *always* an economic choice, as the time one would have to put into either activity is itself scarce.

¹⁵ Ibid., 8.

¹⁶ Ibid., 9.

¹⁷ Ibid., 10.

¹⁸ Ibid., 12.

It is crucial to pause for a moment and to reflect in more depth on Robbins' exact formulation of his point. He is concerned with stipulating the four *conditions* under which a given choice can be designated as an economic one. If only one of these four conditions is not given, the choice is not an economic one. Thus, 'when time and the means for achieving ends are limited *and* capable of alternative application, *and* the ends are capable of being distinguished in order of importance, then behaviour necessarily assumes the form of choice'.¹⁹ Emphasis, then, is on the scarcity of means necessary for the satisfaction of diffuse ends; and such scarcity, Robbins is at pains to point out, 'is an almost ubiquitous condition of human behaviour'.²⁰ He then proceeds to offer his famous definition of economic science:

Here, then, is the unity of subject of Economic Science, the forms assumed by human behaviour in disposing of scarce means. [...] The economist studies the disposal of scarce means. He is interested in the way different degrees of scarcity of different goods give rise to different ratios of valuation between them, and he is interested in the way in which changes in conditions of scarcity, whether coming from changes in ends or changes in means—from the demand side or the supply side—affect these ratios. Economics is the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses.²¹

In a footnote to the final sentence of this passage—that is, the well-known sentence that destined Robbins to fame, that Foucault cites in his discussion of Robbins's *Essay* and that was adopted by Becker and by countless other economists—Robbins refers his readers to a small number of books, foremost amongst which is Carl Menger's *Grundsätze der Volkswirtschaftslehre* (translated into English as *Principles of Economics*), that is, one of the three founding texts of the marginal utility revolution.

¹⁹ Ibid., 14.

²⁰ Ibid., 15.

²¹ Ibid., 15-16.

What is one to make of this footnote? What is the significance of the fact that Robbins, who explicitly rejects the notion that his *Essay* offers any original insights, cites Menger in support of his definition of economics? I forward the view that Robbins was of the opinion that his definition of the object of economic analysis originally comes from Menger. I would add that, for Robbins, the object of economics is not merely the type of activity that may be called “economic choices”, but includes the *necessary conditions* under which any given choice is, precisely, an economic one. Robbins confirmed both of these claims in a public lecture given in 1981, entitled ‘Economics and Political Economy’. There, after having affirmed that he still subscribes to the definition of economics set out in his *Essay*, he concisely summarises that definition in four words: economics, he says, is the study of ‘behaviour conditioned by scarcity’.²² He immediately adds that this definition ‘is made explicitly applicable to economic relationships in general in a famous chapter in Menger’s *Grundsätze* where the limitation of goods confronted with conceivable demand is made the necessary condition of the activity of economizing. It covers exchanges and the institutional [*sic*] arrangements which arise in connection with this limitation.’²³

In summation, the epistemological mutation that Foucault locates in the pages of Robbins’s *Essay* must, in the eyes of the latter’s author, be sought elsewhere, namely in one of the three founding texts of the marginal utility revolution. The task, in other words, is to develop an archaeological analysis of this scientific event and to link it up, on the one hand, to the account of political economy forwarded in *The Order of Things* and, on the other, to the discussion of the emergence of neoliberal economics contained in *The Birth of Biopolitics*. This task will be taken up in the next two chapters.

²² Robbins, Lionel, ‘Economics and Political Economy’, *The American Economic Review* 71 (1981) 2: 1-10, 2. This lecture was reprinted in the third edition of Robbins’s *Essay*.

²³ Ibid. On Menger’s influence on Robbins, see for instance Becchio, Giandomenica & Giovanni Leghissa, *The Origins of Neoliberalism: Insights From Economics and Philosophy* (New York & London 2017: Routledge), 84ff; Boos, Margarete, *Die Wissenschaftstheorie Carl Mengers: Biographische und ideengeschichtliche Zusammenhänge* (Vienna 1986: Hermann Böhlau), 149; O’Brien, D.P., ‘Lionel Robbins and the Austrian Connection’, in: Caldwell, Bruce (ed.), *Carl Menger and His Legacy in Economics* (Durham, NC 1990: Duke University Press): 155-184.

CHAPTER 4: CARL MENGER AND THE PREHISTORY OF NEOLIBERALISM

Introduction

In the first part of this dissertation I have argued that a thorough understanding of the epistemological foundations of neoliberal governmentality requires an archaeological inquiry into what Michel Foucault calls the ‘epistemological mutation’ that made neoliberalism possible.¹ In the seam that precedes the present chapter, I demonstrated that Foucault gestures towards such an inquiry in a crucial passage of *The Birth of Biopolitics*, but that he mistakenly locates this mutation in the early work of Lionel Robbins. Indeed, for Foucault, Robbins finally broke with the traditional theory of value that had dominated political-economic analysis since David Ricardo and that he had subjected to archaeological scrutiny in his 1966 book, *The Order of Things*. There I argued that, by thus establishing an unbroken continuity between Ricardo and Robbins, Foucault disregards a complex series of shifts undergone by political economy in the period between the 1860s—which is where the analysis offered in *The Order of Things* ends—and the 1930s—which is where the account presented in *The Birth of Biopolitics* begins. I concluded the seam by contending that a more rigorous archaeological study of neoliberalism should start with a reading of the works of Carl Menger, to whom Robbins ascribes the honour of having provided a new foundation for economic science.

In the present chapter, then, I seek to fill the lacuna left by Foucault’s account of the epistemological mutation that conditioned the emergence of neoliberalism. I begin by reconstructing the archaeological analysis of modern political economy forwarded in *The Order of Things*. There, in his discussion of what he calls the modern *episteme*, Foucault develops an account of the science of political economy and argues that, from Ricardo onwards, political economy is deeply rooted in a specific “epistemic field” that grants it its positivity, its scientific object and the concepts and methods it deploys; that, in other words, renders political economy a determinate “discursive formation”. For Foucault, what defines modern political-

¹ Foucault, Michel, *The Birth of Biopolitics: Lectures at the Collège de France, 1978-79*, ed. M. Senellart, transl. G. Burchell (Basingstoke 2008 [2004]: Palgrave Macmillan), 222. Translation amended.

economic thought in its singularity is that it takes productive labour as its object, which it construes as a necessary condition of human life.

However, the account offered in *The Order of Things* focuses exclusively upon Ricardo and Karl Marx and stops short of the epistemological event that is commonly referred to as the “marginalist revolution” in political economy. My contention, concisely put, is that this event and its implications for political economy must be studied *archaeologically* if a rigorous understanding of what I shall name “neoliberal political economy” is to be reached. Specifically, I contend that the marginalist revolution carried with it a reorientation of the *object* of political economy. This reorientation prepared the stage for the emergence, at the end of the 19th century, of a distinct scientific field; a field, made up of certain scientific objects, concepts and methods, within which neoliberal political economy would go on to find its point of anchorage and many of the epistemic elements that underpin it. The shift I am concerned with can be distinguished clearly in the writings of Menger, one of the three economists who inaugurated the marginalist revolution. When studied archaeologically, it becomes clear that this shift did not amount to a complete break with the modern *episteme* and that Menger’s version of political economy is thus still beholden to the epistemic field that anchors the modern age as was Ricardo’s. Rather, it entailed a series of smaller shifts *internal* to the discursive formation of political economy. This conclusion is at odds with standard accounts of the marginal utility revolution, which, as I shall discuss in more detail below, tend to characterise it as a fundamental and irrevocable break with the preceding tradition. Despite not amounting to a break of such dramatic proportions, however, the transformation of political economy inaugurated by marginalism was significant enough to render possible the emergence of an entirely new liberalism in the hands of F.A. Hayek, Walter Eucken, Karl Popper and others; a topic that will be treated in the following chapter.

The present chapter is structured as follows. I start with a detailed discussion of Foucault’s account, in *The Order of Things*, of the modern *episteme*, focusing specifically on political economy’s place therein. On this basis, I provide a summary overview of the basic parameters that govern political-economic thought in the modern age. In the second section, I give a brief overview of the main

features of the marginalist revolution in order to develop, in the third and final section, an archaeological analysis of the shifts it inaugurated in modern political economy. The most significant such shift, I go on to contend, is that a branch of political economy emerges, which is spearheaded by Menger and which takes as its object not labour as a condition of human life, but the *conditions of possibility of economic activity as such*. In the remainder of section three, I explore three crucial implications of this shift. I argue, first, that this shift entails a novel conception of economic *history*; second, that it assigns a central role in political-economic analysis to the categories of *knowledge* and *ignorance*; and third, that it prompts the attempt to once more depict political economy as a *practical* science.

The Modern *Episteme*: From Kant to Marx

In *The Order of Things*, Foucault offers an archaeological analysis of three consecutive *epistemes*, or ‘archaeological layers [*couches archéologiques*]’,² which, for him, are at work in three consecutive epochs: the Renaissance, the classical period and modernity. For my present purposes, the former two epochs and their corresponding *epistemes* are mostly irrelevant and I shall thus restrict myself to a brief consideration of the classical *episteme*, after which I shall enter into a more detailed discussion of the modern *episteme*.³

The Classical Episteme and Its Crisis

Foucault summarises the basic parameters of the classical *episteme* as follows: ‘The project of a general science of order; a theory of signs analysing representation; the arrangement of identities and differences into ordered tables: these

² Foucault, Michel, *The Order of Things: An Archaeology of the Human Sciences*, Routledge Classics ed., transl. unknown (New York 2002 [1966]: Routledge), 275.

³ For summaries of Foucault’s account of the other two *epistemes*, see e.g. Dreyfus, Hubert L. & Paul Rabinow, *Michel Foucault: Beyond Structuralism and Hermeneutics*, 2nd ed. (Chicago, IL 1983 [1982]: University of Chicago Press), ch. 2; Gutting, Gary, *Michel Foucault’s Archaeology of Scientific Reason* (Cambridge 1989: Cambridge University Press), ch. 4; Major-Poetzl, Pamela, *Foucault’s Archaeology of Western Culture: Toward a New Science of History* (Brighton 1983: Harvester Press), ch. 5; Sabot, Philippe, *Lire Les mots et les choses de Michel Foucault*, 2nd ed. (Paris 2014 [2006]: Presses Universitaires de France), 35-44; Vigo de Lima, Iara, *Foucault’s Archaeology of Political Economy* (Basingstoke 2010: Palgrave Macmillan), 76ff.

constituted an area of empiricity in the Classical age.⁴ In the classical epoch, in other words, Western science sets itself the task of producing an exhaustive scientific representation of the world. For Foucault, this project can be found fully articulated for the first time in the work of René Descartes, whose critique of the preceding *episteme* situates him on the threshold of the classical age.⁵ From this point on, Western science is conditioned by the view that knowledge results from the practice of *comparing* the simplest elements that can be encountered in the natural world followed by their *ordering* into a ‘complete *table* of signs’.⁶ The linguistic signs that are thus arranged into the virtual space of a table are deemed to be direct representations of the order encountered in nature. The scientist, in other words, seeks out and categorises discrete and simple natural elements and constructs a language with which they can be represented in an ordered body of encyclopaedic knowledge. Sciences such as natural history, the analysis of wealth and general grammar are three distinct fields of knowledge—or, as he would later refer to them, ‘discursive formations’⁷—conditioned and legitimised by this overarching project of producing a vast table of knowledge capable of representing the natural order accurately and immediately. Because each of these three domains is conditioned by the same fundamental epistemic functions, Foucault can argue that, ‘[d]espite their differences’, they are coexistent as well as co-dependent on an archaeological level.⁸

The set of rules that governs the epistemic field that anchored and conditioned the classical age carries two crucial implications. First, in the classical *episteme*, the signs that the sciences produce and fashion into ordered knowledge are related to the objects they signify *directly* and *immediately*. ‘This is’, writes Foucault, ‘because there is no intermediary element, no opacity intervening between the sign and its content’.⁹ This is what allows the systems of signs—that is, the *tables*—compiled in the various scientific domains to represent the order of nature itself in a way that

⁴ Foucault, *The Order of Things*, 79.

⁵ *Ibid.*, 58.

⁶ *Ibid.*, 73.

⁷ See Foucault, Michel, *The Archaeology of Knowledge*, transl. A.M. Sheridan Smith (London & New York 2002 [1969]: Routledge), 70.

⁸ Foucault, *The Order of Things*, 81. For summaries of Foucault’s discussion of these three scientific domains, see Gutting, *Foucault’s Archaeology*, 157ff; Sabot, *Lire Les mots et les choses*, 40ff.

⁹ Foucault, *The Order of Things*, 73. Cf. Gutting, *Foucault’s Archaeology*, 149.

is both 'transparent' and 'exhaustive'.¹⁰ Second, while the mechanism of representation that conditions the classical *episteme* reserves central places for the sign, the signified and the relation of signification that binds the two,¹¹ it cannot countenance the *signifying subject itself*. Thus, the classical age was characterised, as Hubert L. Dreyfus and Paul Rabinow put it, by '*the impossibility of representing the act of representing*'. If the essential undertaking of the Classical Age was to put ordered representations onto a table, the one thing this age could not achieve was to put its own activity on the table so constructed.'¹²

For Foucault, both these facets of the classical *episteme*—that is, the unmediated link between scientific knowledge and the world and the failure to account for the representing subject—came under increasing stress as the 18th century advanced. Indeed, as the century drew to a close, 'an event' of singular importance took place on the archaeological level of the *episteme*, affecting each of the three scientific domains discussed above: the category of *representation* as the cornerstone of all knowledge was dislodged and came to be replaced, in each domain, by 'an element [*élément*] that cannot be reduced to that representation'.¹³ In the analysis of wealth, the category of *labour* came to function as an external foundation of economic knowledge, while the categories of *organic structure* and the *inflectional system* fulfilled that same role in the spheres of natural history and general grammar, respectively. 'In all these cases,' writes Foucault, 'the relation of representation to itself, and the relations of order it becomes possible to determine apart from all quantitative forms of measurement, now pass through conditions exterior to the actuality of the representation itself'.¹⁴ Because the classical *episteme* is rooted in the epistemic primacy of representation, its dislodging was bound to have critical implications. Indeed, '[t]his somewhat enigmatic event' inaugurated, in Foucault's words, 'a minuscule but absolutely essential displacement, which toppled the whole of Western thought:

¹⁰ Foucault, *The Order of Things*, 71, 82.

¹¹ See *ibid.*, 70ff. Cf. Sabot, *Lire Les mots et les choses*, 39.

¹² Dreyfus & Rabinow, *Michel Foucault*, 25.

¹³ Foucault, *The Order of Things*, 257.

¹⁴ *Ibid.*

representation has lost the power to provide a foundation [...] for the links that can join its various elements together'.¹⁵

The Modern Episteme

In the same way that he found the critique of the Renaissance *episteme* articulated coherently in Descartes's work, Foucault detects the critique of the classical *episteme* in Immanuel Kant's critical philosophy.¹⁶ In this reading, the Kantian moment questioned the foundations of knowledge by dislodging representation as the cornerstone of all knowledge and by instead 'establish[ing] it on the *conditions* that define its universally valid form'.¹⁷ What now grounds knowledge is no longer unmediated representation, but the *a priori* that *renders all knowledge possible*. What is more, whereas, prior to his critique, the relationship between knowledge and the external world was conceived as immediate and unlimited, Kant firmly establishes a range of *limits* to knowledge. Thus, in Foucault's view, 'the Kantian critique [...] marks the threshold [*seuil*] of our modernity; it questions representation, not in accordance with the endless movement that proceeds from the simple element to all its possible combinations, but on the basis of its rightful limits'.¹⁸

In Foucault's reading, then, there are two categories that the modern age—as represented by Kant—introduces into the Western *episteme*: the category of *conditions* and the category of *limits*. Henceforth, knowledge is at once conditioned and limited; and that which serves as the condition of possibility of knowledge is *eo ipso* that which knowledge cannot access. By articulating knowledge to conditions and to limits, Kant 'brings out the metaphysical dimension that eighteenth-century philosophy had attempted to reduce solely by means of the

¹⁵ Ibid., 258, 259.

¹⁶ Cf. Dreyfus & Rabinow, *Michel Foucault*, 28ff; Gutting, *Foucault's Archaeology*, 184f; Han, Béatrice, *Foucault's Critical Project: Between the Transcendental and the Historical*, transl. E. Pile (Stanford, CA 2002 [1998]: Stanford University Press), 17ff; Major-Poetzl, *Foucault's Archaeology of Western Culture*, 184; Sabot, *Lire Les mots et les choses*, 64ff; Vigo de Lima, *Foucault's Archaeology of Political Economy*, 101.

¹⁷ Foucault, *The Order of Things*, 262. Emphasis added.

¹⁸ Ibid., 263.

analysis of representation'.¹⁹ This metaphysical dimension is where Kant locates the transcendental subject; that is, the subject that establishes the formal conditions of all possible experience.

However, this is not all that Kant's critique puts into operation. For Foucault, the critical turn provides a new foundation for *empirical* knowledge even as it demolishes the categories upon which the classical *episteme* was grounded. Thus, he contends, a new foundation for scientific knowledge emerged in the wake of the critical turn; a foundation that sought the conditions of experience not in a transcendental domain, but in 'the being itself that is represented' in and by scientific knowledge: "man [*sic*]"²⁰ Man himself thus eclipses representation and becomes the ground of all knowledge. This, however, puts man in a peculiar position: at once knowing subject and studied object, he becomes that which seeks knowledge of the conditions that make his very knowledge possible.²¹

To put it differently, *man as a living being* now anchors knowledge. Scientific analysis, accordingly, studies not what makes all knowledge *qua* knowledge possible, but 'the conditions of possibility of the object and its existence'.²² It now begins to inquire: what is it that makes possible the life of man in all of its various aspects? What is it that conditions human life, from its overarching social dimension down to its smallest organic workings? Thus the dawn of the modern *episteme* coincides with the emergence of three new empirical fields—or discursive formations—, each of which is centred on a determinate object of analysis that exists external to man and to scientific representation even as it conditions both: political economy, which centres on labour; biology, which centres on organic life; and philology, which centres on spoken language.²³ Together, these sciences function as a mirror, as it were, to the transcendental problematic opened up by Kant in the domain of metaphysics. However, instead of

¹⁹ Ibid., 264.

²⁰ Ibid., 265. A word on the terminology employed here and in the following chapters. In using the masculine "man" and the corresponding masculine pronouns, I am seeking to bear witness to the gendered presuppositions at work in the texts I am analyzing—whether these were written by Foucault, Menger, Schumpeter or Hayek.

²¹ See *ibid.*, 340: 'man appears in his ambiguous position as an object of knowledge and as a subject that knows: enslaved sovereign, observed spectator'. Cf. Dreyfus & Rabinow, *Michel Foucault*, 28.

²² Foucault, *The Order of Things*, 265.

²³ Cf. Gutting, *Foucault's Archaeology*, 186ff; Sabot, *Lire Les mots et les choses*, 49.

studying the transcendental and universal aspects of the human subject, they study the subject as a living, physical being. Foucault explains this point in a dense passage that should be quoted at length:

Labour [*travail*], life [*vie*], and language [*langage*] appear as so many “transcendentals” which make possible the objective knowledge of living beings, of the laws of production, and of the forms of language [*langage*]. In their being, they are outside knowledge [*hors connaissance*], but by that very fact they are conditions of knowledge; they correspond to Kant’s discovery of a transcendental field and yet they differ from it in two essential points: they are situated with the object, and, in a way, beyond it; like the Idea in the transcendental Dialectic, they totalize phenomena and express the *a priori* coherence of empirical multiplicities; but they provide them with a foundation in the form of a being whose enigmatic reality constitutes, prior to all knowledge, the order and the connection of what it has to know [*connaître*]; moreover, they concern the domain of *a posteriori* truths and the principles of their synthesis—and not the *a priori* synthesis of all possible experience.²⁴

Let me unpack this passage. In the domain of empirical knowledge, a fundamental shift occurs when, around the turn of the 18th century, the classical *episteme* retreats and the modern *episteme* announces itself. This shift “corresponds”—to use Foucault’s term—to the Copernican Revolution in metaphysics in two ways. First, it involves the positing of a series of objects that exist externally to the living human being yet that *condition* its existence. These objects—labour, life and language—thus come to function as ‘quasi-transcendentals’ because they fulfil the same role in the human sciences that the transcendental subject fulfils in Kantian metaphysics.²⁵ In the words of Philippe Sabot,

²⁴ Foucault, *The Order of Things*, 265.

²⁵ *Ibid.*, 272. Cf. Major-Poetzl, *Foucault’s Archaeology of Western Culture*, 184; Sabot, *Lire Les mots et les choses*, 73f.

the inauguration of a transcendental theme already leads to very different theoretical elaborations that, somehow, divide it in itself, because the transcendental field may constitute itself both on the side of *subjectivity* [...] and on the side of *objectivity*, [...] that is to say on the side of that being of things that overflows representation on all sides but that permits the articulation of it in the positive form of a knowledge [*savoir*].²⁶

Thus, the archaeological rupture that opened the transcendental field simultaneously opened a field of quasi-transcendentals and, in doing so, gave the human sciences their respective objects. To modern knowledge, these objects function as the conditions of possibility of human existence.

The second manner in which the emergence of a new field of empiricity corresponds to the Kantian turn is that the field thus opened attains its positivity through an affirmation of *limits*. In the case of the human sciences, the theme of limits takes shape as the *finitude* of human life, reliant as man is upon 'his words, his organism, the objects he makes'.²⁷ In other words, the objects that the human sciences study all relate to man in his material, situated existence; as positive fields of knowledge, they presuppose—they are, in a word, *conditioned by*—the finite existence of man as a labouring, speaking, living being. In Foucault's words:

Man's finitude is heralded—and imperiously so—in the positivity of knowledge; we know that man is finite, as we know the anatomy of the brain, the mechanics of production costs, or the system of Indo-European conjugation; or rather, like a watermark running through all these solid, positive, and full forms, we perceive the finitude and limits they impose, we sense, as though on their blank reverse sides, all that they make impossible.²⁸

²⁶ Sabot, *Lire Les mots et les choses*, 71. My translation.

²⁷ Foucault, *The Order of Things*, 341. See also Dreyfus & Rabinow, *Michel Foucault*, 26ff; Gutting, *Foucault's Archaeology*, 198ff; Sabot, *Lire Les mots et les choses*, 66ff; Vigo de Lima, *Foucault's Archaeology of Political Economy*, 106ff.

²⁸ Foucault, *The Order of Things*, 342.

In the same way that Kant's critical enterprise gave metaphysics access to the transcendental subject precisely by establishing the limits to all knowledge, so too modernity renders scientific knowledge of man possible by positing his very finitude as a living being.

In short, Foucault's contention is that the modern *episteme* that governs the positivity of knowledge from the start of the 19th century onwards is grounded in the image of man as a being whose finitude is conditioned by various external objects; objects that, subsequently, become the privileged objects of distinct discursive formations. He summarises this point as follows: 'Before the end of the eighteenth century, *man* did not exist.'²⁹

That the emergence of a metaphysical domain, effectuated by Kant's critique, was soon to be coupled with the emergence of man as the foundation for and object of the modern human sciences was, according to Foucault, already heralded by Kant's own work. In Foucault's account, after having penned his three critiques, Kant shifted his attention to a fourth problematic, one that, in the eyes of the Prussian philosopher, followed from and encompassed the three critical questions. Foucault specifically points to Kant's 1800 *Logic*, where 'to his traditional trilogy of questions he added an ultimate one: the three critical questions (What can I know? What must I do? What am I permitted to hope?) then found themselves referred to a fourth, and inscribed, as it were, "to its account": *Was ist der Mensch?*'³⁰ For Foucault, then, Kant's later work testified to the intuition that the modernity that his critique had pioneered was in need of an empirical mirror image to complement the transcendental field. Precisely because the critical project had assigned man his rightful place as a limit being, that is, as a being who dwells both in the kingdom of ends and in the world of physical necessities, man's knowledge similarly resides, by way of necessity, both in the transcendental and in the

²⁹ Ibid., 336.

³⁰ Ibid., 371. Cf. Vigo de Lima, *Foucault's Archaeology of Political Economy*, 101. Foucault's implicit reference is to Kant's 1798 text, *Anthropology From a Pragmatic Point of View*, where Kant takes up the question "*Was ist der Mensch?*" ("What is man?") in an attempt to articulate man's existence as a natural being to his existence as a free subject. This reading of Kant's *Logic* and *Anthropology* goes back to Foucault's complementary thesis, which consisted of a translation of Kant's *Anthropology*, accompanied by a detailed introduction. Foucault's introduction has been published in English as Foucault, Michel, *Introduction to Kant's Anthropology*, transl. R. Nigro & K. Briggs (Los Angeles, CA 2008 [2008]: Semiotext(e)). For a discussion of the connection between Foucault's introduction to Kant's *Anthropology* and *The Order of Things*, see Han, *Foucault's Critical Project*, ch. 1.

empirical. Foucault calls this image of man, this epistemic construction whose birth coincides with the emergence of the modern *episteme*, 'a strange empirico-transcendental doublet, since he is a being such that knowledge will be attained in him of what renders all knowledge possible'.³¹ From this point forward, modernity will be concerned with the twofold interrogation of this doublet: on the one hand, the systematic inquiry, pursued by metaphysics, into the essence, the Being or the Rationality of man, as the case may be; on the other, the empirical analysis of man as a labouring, speaking and living entity.³²

In summation: for Foucault, modern science and philosophy are both grounded in an epistemic field that gives pride of place to the categories of *conditions* and *limits*. The modern *episteme* became possible when knowledge posited its own limits and, in doing so, brought about the figure of man. Thus, man entered the history of Western knowledge, but he was destined to be divided internally into a transcendental pole and an empirical pole.

Having established how Foucault characterises the modern *episteme*, I shall now turn to the following question: how does, in Foucault's view, political economy fit into the modern *episteme*?

Political Economy: Smith, Ricardo, Marx

For Foucault, the modern *episteme* grounds knowledge in human finitude. In the case of economic thought, this meant that the analysis of wealth, which had been its primary task since the publication of the *Wealth of Nations* in 1776, became tethered to the twin categories of conditions and limits. Thus, in order to find its proper place in the epistemic space opened up by the dawn of modernity, political economy had to assign labour the status of a quasi-transcendental, as it 'required labour to provide the conditions of possibility of exchange, profit, and product'.³³ It needed such an object because it found itself confronted with man's mortality; with, in other words, 'the relation between [man's] needs [*besoins*] and the means

³¹ Foucault, *The Order of Things*, 347. Cf. Dreyfus & Rabinow, *Michel Foucault*, 32ff; Gutting, *Foucault's Archaeology*, 200ff; Han, *Foucault's Critical Project*, 17ff;.

³² See Major-Poetzl, *Foucault's Archaeology of Western Culture*, 184.

³³ Foucault, *The Order of Things*, 340.

[*moyens*] he possesses to satisfy them'.³⁴ In Foucault's account, political economy in its modern guise emerged only with the work of Ricardo, who definitively grounded the dismal science in human finitude. The other figures that make an appearance in Foucault's discussion of modern political economy are Adam Smith and Marx: the former as the one who prepared the stage for Ricardo's archaeological innovation; the latter as the one who completed it. Let me reconstruct the account that Foucault develops of the changes that economic thought undergoes with Smith, with Ricardo and with Marx.³⁵ Before I do so, however, it bears repeating that this is *not* to imply that Foucault is of the opinion that the archaeological shifts he traces coincide with the writings of these men; that, in other words, what he calls the 'fundamental modes of knowledge' can themselves be discovered in the very pages of these texts.³⁶ Rather, as Foucault reminds his readers at the outset of his discussion of modern political economy: 'The constitution of these fundamental modes is doubtless buried deep down in the dense archaeological layers [*couches archéologiques*]: one can, nevertheless, discern some signs of them in the works of Ricardo, in the case of economics.'³⁷

In Foucault's view, the analysis of wealth in the classical age was grounded in an epistemic field that privileged representation. That is, classical economic thought³⁸ treated wealth and value as existing solely in representation. Money, in this

³⁴ Ibid., 341. Cf. Major-Poetzl, *Foucault's Archaeology of Western Culture*, 185.

³⁵ Detailed discussions of Foucault's archaeological account of political economy are scarce. A good summary of the sections from *The Order of Things* that deal with political economy is provided by Kologlugil, Serhat, 'Michel Foucault's Archaeology of Knowledge and Economic Discourse', *Erasmus Journal for Philosophy and Economics* 3 (2010) 2: 1-25, 10ff. The only book-length study of this topic is Vigo de Lima, *Foucault's Archaeology of Political Economy*. While Vigo de Lima's discussion is detailed and indicates the gaps in Foucault's work, she does little work to fill these gaps or to challenge Foucault's conclusions.

³⁶ Foucault, *The Order of Things*, 275.

³⁷ Ibid. See also the following remark from Foucault, *Archaeology of Knowledge*, 161: 'Archaeology is not in search of inventions [...]. What it seeks in the texts of Linnaeus or Buffon, Petty or Ricardo, Pinel or Bichat, is not to draw up a list of founding saints; it is to uncover the regularity of a discursive practice.'

³⁸ This term, which Foucault himself uses, must not be confused with what, in histories of economic thought, is routinely referred to as "classical political economy" or "classical economics". The latter normally refers to the school of economic thought that ranges from Smith to Marx; what is at stake here is the various schools of economic thought that were grounded in the classical *episteme*, including, according to Foucault, mercantilism, physiocracy and the "psychological" economic theory of Étienne Bonnot de Condillac and his followers.

account, represents wealth in the same way that prices represent value: wealth can only be measured when it is represented by money, but money in turn exists solely as a representation of the value of objects, solidified in the price of a commodity. This is how Pamela Major-Poetzl explains this point: 'In the system of exchange, money was not itself wealth; it was a representation, a sign, of wealth. Like other signs, money derived its significance from its function, which in this case was to act as a substitute for goods and to serve as a measure of value.'³⁹ This means that, for classical economic thought, value can only be measured when it is represented as money in the form of prices. This implies that value manifests itself only in the process of exchange, for it is only when two different objects confront each other as commodities in a trade that their value can be read. In Foucault's words: 'in order that one thing can represent another in an exchange, they must both exist as bearers of value; and yet value exists only within the representation (actual or possible), that is, within the exchange or the exchangeability'.⁴⁰ For Foucault, then, because the classical *episteme* grounded the positivity of knowledge in representation, classical economic thought necessarily had to look for value and wealth in the process of exchange, because that is where value makes itself known.

It is for this reason that Foucault argues that Smith—who is considered, by almost all traditional historians of economic thought, finally to have made economic thought *scientific*—did not succeed at breaking free from the classical *episteme*. While it is true that he introduced the category of labour into the analysis of wealth, Smith was forced, by the epistemic rules that conditioned his thought, to make it subordinate to the twin categories of representation and exchange. Thus, while in the pages of the *Wealth of Nations* labour is articulated to value, it is so only as an indication of the value that a commodity has when it is being exchanged. For Smith, in other words, 'it was necessary to suppose that the quantity of labour indispensable for the production of a thing was equal to the quantity of labour that the thing, in return, could buy in the process of exchange'.⁴¹ In perfect correspondence to classical economic thought, then, Smith could only accord the

³⁹ Major-Poetzl, *Foucault's Archaeology of Western Culture*, 179. Cf. Gutting, *Foucault's Archaeology*, 169f; Sabot, *Lire Les mots et les choses*, 43f; Vigo de Lima, *Foucault's Archaeology of Political Economy*, 179ff.

⁴⁰ Foucault, *The Order of Things*, 207.

⁴¹ *Ibid.*, 275.

category of labour the role of *being represented by prices in exchange*. Although, differently put, his work did significantly alter the discursive formation of the analysis of wealth by introducing into its remit a new scientific object, it did little to dislodge the *episteme* that, in the classical era, anchored economics in a more fundamental way.⁴²

By introducing labour into economic analysis, Smith's work heralded modern economic thought, but it is itself not yet modern. In Foucault's view, the epistemic break between classical economic thought and modern political economy occurs only after Smith and it is in Ricardo's work that this break manifests itself most clearly.⁴³ Foucault writes:

the difference between Smith and Ricardo is this: for the first, labour, because it is analysable into days of subsistence, can be used as a unit common to all other merchandise (including even the commodities necessary to subsistence themselves); for the second, the quantity of labour makes it possible to determine the value of a thing, not only because the thing is representable in units of work, but first and foremost because labour as a producing activity is "the source of all value".⁴⁴

With Ricardo, productive labour has replaced exchange as the fundamental category of economic analysis. Value is now articulated first of all to production; 'and henceforth the theory of production must always precede that of circulation'.⁴⁵

It was thus not enough that Smith had introduced the object of labour into economic analysis; for economics to become modern, labour had to be assigned a particular place in relation to other epistemic elements such as value and man. Ricardo was the one to complete this gesture by turning labour into a quasi-transcendental object; that is, an object that exists *externally* to man but that *conditions* his lived existence. By making productive labour the privileged object of

⁴² Cf. Gutting, *Foucault's Archaeology*, 186f; Sabot, *Lire Les mots et les choses*, 78f.

⁴³ See also Kologlugil, 'Michel Foucault's Archaeology of Knowledge and Economic Discourse', 10ff; Vigo de Lima, *Foucault's Archaeology of Political Economy*, 200ff.

⁴⁴ Foucault, *The Order of Things*, 276-277.

⁴⁵ *Ibid.*, 277.

economic analysis, Ricardo also attaches it firmly to man, the figure that grounds the possibility of knowledge in the modern age. Accordingly, conditions and finitude, the two categories that are articulated to the figure of man in the modern *episteme*, are reproduced in political economy: 'Ricardo had required labour to provide the conditions of possibility of exchange, profit, and production'; a move that, in Foucault's view, was necessitated by the fact of human finitude, the presupposition that man 'is a finite being'.⁴⁶ For modern economics, man labours because he is wanting, which means that labour, which conditions value, is itself in turn conditioned by human needs. In Ricardo's own words, political economy must take into consideration the 'natural price of labour', that is, 'that price which is necessary to enable the labourers, one with another, to subsist and to perpetuate their race'.⁴⁷ In Ricardian political economy, then, productive labour is intimately tethered to man's physical needs; and this, Foucault contends, makes it resolutely modern.

Let me repeat, in formulaic fashion, the fundamental parameters of modern political economy. For modern political economy, man's physical needs condition productive labour and labour, in turn, conditions value. Seen this way, modern economics comes to appear as a determinate discursive formation in which productive labour, construed as the activity necessitated by man's reproductive needs, is the privileged object of analysis. Ricardo's innovation was thus, in Sabot's words, 'to modify, in depth, the status of labour and its role in the formation of the value of things'.⁴⁸ This is the epistemic rupture that takes place on the archaeological register, 'bringing into view', as Foucault puts it, 'on the one hand new knowable objects (such as capital) and prescribing, on the other, new concepts and new methods (such as the analysis of forms of production)'.⁴⁹

Where does Marx fit into this account? Concisely put, Foucault contends that Marx's thought fully accepts the parameters set by Ricardo and that, accordingly,

⁴⁶ Ibid., 340, 280. Cf. Gutting, *Foucault's Archaeology*, 188; Major-Poetzl, *Foucault's Archaeology of Western Culture*, 185; Sabot, *Lire Les mots et les choses*, 80.

⁴⁷ Ricardo, David, *The Principles of Political Economy and Taxation*, 3rd ed. (Mineola, NY 2004 [1817]: Dover Publications), 52.

⁴⁸ Sabot, *Lire Les mots et les choses*, 78. Translation mine.

⁴⁹ Foucault, *The Order of Things*, 274-275.

‘Marxism introduced no real discontinuity’.⁵⁰ He reaches this conclusion after a detailed discussion of the three distinct but intimately interrelated implications carried by the epistemic rupture that introduced modern political economy. The first of these implications, according to Foucault, is that the shift in focus from exchange to production leads to a consideration of the production process as a whole and, therewith, of the productive labour that *previously* went into the various elements that make up the production process, such as machinery, tools used and labour itself. However, this question of previously expended labour turns out to open onto an infinite chain of production. (If, to give an example, in order to calculate the value of a single wooden chair, one is to study the productive labour that went into its production, one must also take into consideration the productive labour that previously went into the harvesting of the raw material used, into producing the necessary tools, into feeding, clothing and sheltering the carpenter—and so forth; which in turn demands that one take into consideration the productive labour that went into producing the tools used in the harvesting of the raw material, into the fabrication of the carpenter’s clothing—and so on, *ad infinitum*.) As a result, the production process comes to appear not as a singular moment in time, but as ‘a great linear, homogeneous series’; a series that ‘introduces, by its very existence, the possibility of a continuous historical time’.⁵¹ When, in other words, productive labour comes to be the privileged object of economic analysis, the latter is ‘penetrated [...] by historicity. The mode of being of economics is no longer linked to a simultaneous space of differences and identities [as it was in the classical age], but to the time of successive productions.’⁵²

The second implication is that the historicity thus introduced into the economic process is articulated to the finitude of humanity *as a species*. In Ricardo’s work, this theme appears in the guise of scarcity, which he (following Thomas Malthus) relates to population growth. I already noted that for Ricardo, man must labour because he is a finite being. By the same token, populations must produce in order to grow; for ‘any population that cannot find new resources is doomed to

⁵⁰ Ibid., 285. Cf. Kologlugil, ‘Foucault’s Archaeology of Knowledge and Economic Discourse’, 16ff.

⁵¹ Foucault, *The Order of Things*, 278.

⁵² Ibid. Cf. Gutting, *Foucault’s Archaeology*, 187f; Sabot, *Lire Les mots et les choses*, 79f.

extinction'.⁵³ In other words, history and finitude become jointed in such a way that mortality becomes a feature of the species as well as of the individual.

The third implication of the shift to modern political economy follows immediately from the second one and revolves around the way in which political economy is now able, through a peculiar reversal of the articulation of finitude and history, to imagine the end of History. 'Paradoxically, it is the historicity introduced into economics by Ricardo that makes it possible to conceive of [the] immobilization of History.'⁵⁴ For Ricardo, the interplay between scarcity and population growth must necessarily lead to a point where the population's natural resources can no longer sustain further population growth, so that, from that moment onwards, its size will remain constant. 'From then on', Foucault writes, 'finitude and production will be exactly superimposed to form a single figure. Any additional agricultural labour would be useless; any excess population would perish.'⁵⁵ Foucault terms this the "pessimistic" conception of history that modern political economy makes room for. It is pessimistic because it imagines an abrupt end to growth of both population and profits; an end that is characterised by a final, immobile limit to the life of the species.

This is where Marx makes his appearance in Foucault's account, which depicts the Marxian system as the mirror image of Ricardo's conception of the end of History: Marx, too, holds that the historicity of economic processes must eventually 'approach the point where existence itself will be impossible'.⁵⁶ For Marx, however, this point in time carries a revolutionary promise, despite all of the misery it entails.

Thrust back by poverty to the very brink of death, a whole class of men experience, nakedly, as it were, what need, hunger, and labour are. [...] For this reason they are able—they alone are able—to re-apprehend this truth of the human essence and so restore it. But this can be achieved only by the suppression, or at least the reversal, of History as it has developed up to the present: then alone will a time begin which will have

⁵³ Foucault, *The Order of Things*, 279. Cf. Sabot, *Lire Les mots et les choses*, 80.

⁵⁴ Foucault, *The Order of Things*, 282.

⁵⁵ *Ibid.*, 283.

⁵⁶ *Ibid.*, 284.

neither the same form, nor the same laws, nor the same mode of passing.⁵⁷

Marx's revolutionary alternative to Ricardo's pessimism thus consists in the promise that the collapse of the capitalist epoch will herald a new History; the promise that, as he puts it in the preface to *A Contribution to the Critique of Political Economy*, with the impending disappearance of the 'bourgeois mode of production' the 'prehistory [*Vorgeschichte*] of human society accordingly closes'.⁵⁸ Thus, the 'revolutionary movement[s] against the existing social and political order of things' announced by the *Communist Manifesto* stand not at the end of History, but at its threshold.⁵⁹

In Foucault's view, Marx did not challenge the epistemic field determined by Ricardo. The differences between their respective positions within modern political economy amount to 'nothing more than the two possible ways of examining the relations of anthropology and History as they are established by economics through the notions of scarcity and labour'.⁶⁰ Thus he reaches the provocative conclusion already hinted at above. 'Marxism exists in nineteenth-century thought like a fish in water: that is, it is unable to breathe anywhere else.'⁶¹

From the Episteme to the Discursive Formation

These observations on Marx's place in the modern *episteme* conclude Foucault's discussion of political economy. If his engagement with the history of political economy stops with Marx, this is because in *The Order of Things* he has set himself the task of elucidating the workings of the *episteme*; that is, he is concerned with distinct discursive formations such as political economy, philology and biology

⁵⁷ Ibid.

⁵⁸ Marx, Karl, *A Contribution to the Critique of Political Economy*, ed. M. Dobb, transl. S.W. Ryazanskaya (Moscow 1970 [1859]: Progress Publishers), 21-22.

⁵⁹ Marx, Karl & Frederick Engels, 'Manifesto of the Communist Party', in: Marx, Karl, *Economic and Philosophic Manuscripts of 1844 and the Communist Manifesto* (New York 1988 [1848]: Prometheus Books): 203-243, 243.

⁶⁰ Foucault, *The Order of Things*, 284.

⁶¹ Ibid., 285. Cf. Gutting, *Foucault's Archaeology*, 189f; Kologlugil, 'Foucault's Archaeology of Knowledge and Economic Discourse', 17f; Major-Poetzl, *Foucault's Archaeology of Western Culture*, 185; Sabot, *Lire Les mots et les choses*, 81ff.

only insofar as they are epistemic *domains* and insofar as *qua* domains, they are governed, made possible and tied together by a set of rules that exist on the deepest archaeological level. He is not attempting to present an account of the historical development of these domains themselves.

However, the problem I am in pursuit of—what conditioned the emergence of neoliberal political economy?—requires that Foucault’s account of modern political economy be extended. It requires that the discursive formation that is modern political economy be probed further; it requires, that is, that shifts internal to that discursive formation be registered. To this end, I shall now apply the method developed in *The Archaeology of Knowledge*—and discussed at length in chapter 3—to political economy as it developed *after* Marx. More concretely, I shall study the shifts that occurred within the discursive formation of political economy in the immediate aftermath of what is known as the “marginalist revolution”. My argument, then, is not that marginalism inaugurated a break with the modern *episteme* or that it marked the birth of a new and distinct discursive formation. Rather, the changes that I seek to trace and document occur *within* the discursive formation first articulated by Ricardo; that is, they exist on ‘the level of the appearance of objects, types of enunciation, concepts, strategic choices’.⁶²

In the next section, I introduce and discuss the marginalist revolution, contending that this event did not inaugurate a break from the modern *episteme*, but that marginalist economic thought continues to be firmly grounded in the epistemic figure of man and his finitude. In the third and final section, I proceed to argue that the archaeological shift effectuated by the marginalist revolution must be sought in the eclipse of labour as the privileged object of economic science and its replacement with *the conditions of economising activity*. This is followed by a detailed discussion of the three implications of this replacement.

⁶² Foucault, *Archaeology of Knowledge*, 189.

Marginalism and the Theory of Value

Continuity and Discontinuity

As discussed in more detail in chapter 3, the primary task of Foucaultian archaeology is to trace discontinuities; a feature that sets it apart from other concurrent practices of historiography, which, in Foucault's eyes, tend to subscribe to the view that 'it is the task of the historian to rediscover on the basis of [...] isolated points [and] successive ruptures, the continuous line of an evolution'.⁶³ Yet, this does not mean that archaeology is blind to continuity, 'for our aim is not to accord to the discontinuous the role formerly accorded to the continuous'.⁶⁴ Thus, archaeological analysis always scrutinises a particular 'tangle of continuities and discontinuities'.⁶⁵

How, then, can the marginalist revolution be described as a tangle of continuities and discontinuities? On which level did this epistemic event introduce a change; and which of its elements remain beholden to that which came before? In textbooks of the history of economic thought, it is commonplace to characterise the emergence of marginalism as a major schismatic event that uprooted political economy in its entirety. 'The marginalist revolution and the subsequent emergence of neoclassical economics brought about a great rupture in economic thought', asserts one such textbook.⁶⁶ However, this view is not restricted to the authors of

⁶³ Ibid., 157. On the theme of continuity and discontinuity and Foucault's archaeology, see especially Gutting, *Foucault's Archaeology*, 229; Machado, Roberto, 'Archaeology and Epistemology', in: *Michel Foucault Philosopher*, ed. F. Ewald, transl. T.J. Armstrong (Hemel Hempstead 1992 [1989]: Harvester Wheatsheaf): 3-19; Webb, David *Foucault's Archaeology: Science and Transformation* (Edinburgh 2013: Edinburgh University Press), 121.

⁶⁴ Foucault, *Archaeology of Knowledge*, 192-193.

⁶⁵ Ibid., 195.

⁶⁶ Milonakis, Dimitris & Ben Fine, *From Political Economy to Economics: Method, the Social and the Historical in the Evolution of Economic Theory* (London & New York 2009: Routledge), 93. The question whether or not the marginalist revolution truly deserves to be called a "revolution" is being discussed to this day. Generally speaking, textbooks in the history of economic thought agree that the marginalist revolution truly amounted to a scientific revolution. Beside the examples already cited, see for instance Screpanti, Ernesto & Stefano Zamagni, *An Outline of the History of Economic Thought*, 2nd ed., transl. D. Field & L. Kirby (Oxford 2005 [1993]: Oxford University Press), ch. 5; Ziegler, Bernd, *Geschichte des ökonomischen Denkens: Paradigmenwechsel in der Volkswirtschaftslehre*, 2nd ed. (München 2008: Oldenbourg Verlag), 94ff. There are, of course, exceptions. Most notably,

textbooks meant for students of economics. Joseph Schumpeter's authoritative *History of Economic Analysis*, for instance, divides modern economic thought into two main periods, locating the division in the year 1870; a division that he justifies by 'invok[ing] a fact that few economists will deny, namely that it was around 1870 that [...] there occurred breaks with tradition as distinct as we can ever expect to observe in what must always be fundamentally a continuous process'.⁶⁷ Philip Mirowski, an economic historian of a more critical stripe, adds to the chorus by insisting that the marginalist revolution 'is best understood as a sharp and severe break with the doctrines characteristic of the classical theory of value'.⁶⁸

The tendency amongst a wide variety of historians of economic thought, then, is to treat the marginalist revolution as a more or less radical break with the tradition epitomised by Smith, Ricardo and Marx. In what follows I show that when this epistemic event is scrutinised on the level of archaeological regularities and transformations, a significantly different picture emerges. That is, archaeological analysis reveals that the marginalist turn does not amount to an epistemic rupture because marginalism remains beholden to the modern *episteme*, but that its novelty consisted in introducing a different scientific object into political economy. This conclusion is important not so much because it troubles traditional historical accounts of the marginalist revolution, but because it is only by isolating archaeologically the tangle of continuities and discontinuities established by this epistemic event that it becomes possible to pinpoint where and how it entailed the

Alfred Marshall is famous for insisting, in the preface to his enormously influential 1890 textbook *Principles of Economics*, that work undertaken by the 'present generation' of economists 'involve[d] no real breach of continuity in the development of the science'. (Marshall, Alfred, *Principles of Economics: An Introductory Volume*, 8th ed. (London 1952 [1890]: Macmillan Press), v.) Likewise, some historians of economic thought insist that there were important precursors to marginalism and that the notion of a clear-cut break is thus problematic; see e.g. Blaug, Mark, 'Was There a Marginal Revolution?', in: Black, R.D. Collison, A.W. Coats & Craufurd D.W. Goodwin (eds.), *The Marginal Revolution in Economics* (Durham, NC 1972: Duke University Press): 269-280; Roncaglia, Alessandro, *The Wealth of Ideas: A History of Economic Thought* (Cambridge 2005 [2001]: Cambridge University Press), ch. 10. Others insist that the marginalist revolution amounted to little more than an attempt to rescue bourgeois individualist economics from Marx's devastating assault upon its foundations; see e.g. Hunt, E.K. & Mark Lautzenheiser, *History of Economic Thought: A Critical Perspective*, 3rd ed. (Armonk, NY 2011: E.M. Sharpe), ch. 10.

⁶⁷ Schumpeter, Joseph A., *History of Economic Analysis* (London 1954: George Allen & Unwin), 753 (see also 918ff).

⁶⁸ Mirowski, Philip, *More Heat Than Light: Economics as Social Physics: Physics as Nature's Economics* (Cambridge 1989: Cambridge University Press), 195.

introduction of novel objects, concepts and methods, and where and how it rearticulated existing objects instead.

In this section and the next, I argue that the marginalist revolution did not inaugurate a break with the modern *episteme*—an opinion shared by Foucault—but that it did inaugurate a series of shifts internal to political economy. I introduce, in the present section, the commonplace historical account of the marginalist revolution and its place in the history of economic analysis. In the next section, I focus on Menger’s work in order to highlight three crucial implications of the transformation of political economy that he effectuated.

The Marginalist Revolution

What is the marginalist revolution? In short, it is the name of an event that revolves around a thoroughgoing reconceptualization of value and its place in economic analysis. Simultaneously but separately inaugurated by three economists, Carl Menger, William Stanley Jevons and Léon Walras, the marginalist revolution took shape as a critique of existing theories of value.⁶⁹ Traditional histories of political economy identify 1871 as the year that this watershed took place, as it saw the publication both of Menger’s *Grundsätze der*

⁶⁹ Histories of the marginalist revolution are abundant but not all are equally illuminating. On this matter, Schumpeter’s *History of Economic Analysis* (esp. pt. 4, chs. 5-6) remains unsurpassed in breadth and rigour. Schumpeter also provided one of the earliest and most informative (albeit very partial) accounts of the marginalist revolution in his *Economic Doctrine and Method: An Historical Sketch*, transl. R. Aris (New York 1952 [1912]: Oxford University Press), ch. 4. Amongst more recent historical accounts of the marginalist revolution three books stand out: Mirowski’s *More Heat Than Light*, ch. 5 stands out due to its criticality (even though, as I shall repeat below, I find his account of Menger lacking); while Johanna Bockman’s *Markets in the Name of Socialism: The Left-Wing Origins of Neoliberalism* (Stanford, CA 2011: Stanford University Press), ch. 1 and Becchio, Giandomenica & Giovanni Leghissa, *The Origins of Neoliberalism: Insights From Economics and Philosophy* (New York 2017: Routledge) stand out because both explicitly connect the emergence of marginal utility theory to neoliberalism. For a more commonplace account of the marginalist revolution, any of the following suffices: Black, Coats & Goodwin (eds.), *The Marginal Revolution in Economics*; Blaug, Mark, *Economic Theory in Retrospect*, 4th ed. (Cambridge 1985 [1962]: Cambridge University Press), ch. 8; Galbraith, John Kenneth, *A History of Economics: The Past as the Present* (London 1987: Penguin), ch. 9; Milonakis & Fine, *From Political Economy to Economics*, ch. 5; Screpanti & Zamagni, *Outline of the History of Economic Thought*, ch. 5; Stigler, George J., ‘The Development of Utility Theory’, *Journal of Political Economy* 58 (1950) 4-5: 307-327 & 373-396.

Volkswirtschaftslehre (translated as *Principles of Economics*)⁷⁰ and of Jevons's *Theory of Political Economy* (the main argument of which, however, he had already expounded in an 1862 paper).⁷¹ Then, in 1874, Walras published his *Éléments d'économie politique pure* (translated recently as *Elements of Theoretical Economics*), thus completing the triptych of founding marginalist texts.⁷² A second generation of marginalists, such traditional accounts go on, was made up, amongst others, of Eugen von Böhm-Bawerk, Friedrich von Wieser, Vilfredo Pareto, Alfred Marshall and Herbert Joseph Davenport.

How did the marginalist critique of traditional value theory take shape? As already discussed above in relation to Foucault, Smithian political economy is premised on the view that value derives from *exchange*, as, for Smith, it is only on the marketplace that two commodities can confront one another as signs that represent—and thus make intelligible—value. Ricardian and Marxian economic analysis locates the origins of value unequivocally in the realm of *production*, as, for Ricardo and Marx, the human condition of finitude necessitates the production of use values. Despite their differences, both the Smithian and the Ricardian theories of value identify value as an *objective* feature of commodities—objective in the sense both of existing in commodities as a physical quality and of existing in such a way that it can be measured objectively. This is why both Smith and Ricardo can distinguish between the “natural price” of a commodity and its “market price”.⁷³ It is also why, for Marx, a ‘useful article [...] has value only because abstract human labour is objectified or materialized in it’, which in turn means that ‘the *measure of [value’s] magnitude [...] is labour-time*’.⁷⁴

⁷⁰ Menger, Carl, *Principles of Economics*, transl. J. Dingwall & B.F. Hoselitz (Glencoe, IL 1950 [1871]: The Free Press).

⁷¹ Jevons, William Stanley, *The Theory of Political Economy*, 3rd ed. (London 1888 [1871]: Macmillan) and Jevons, William Stanley, ‘Brief Account of a General Mathematical Theory of Political Economy’, *Journal of the Royal Statistical Society* 29 (1866): 282-287.

⁷² Walras, Léon, *Elements of Theoretical Economics*, 4th ed., transl. D.A. Walker & J. van Daal (Cambridge 2014 [1874]: Cambridge University Press).

⁷³ See Smith, Adam, *An Inquiry Into the Nature and Causes of the Wealth of Nations* (Indianapolis, IN 1981 [1776]: Liberty Fund), book 1, ch. 7; Ricardo, *Principles of Political Economy*, ch. 4.

⁷⁴ Marx, Karl, *Capital: A Critique of Political Economy*, volume 1, transl. B. Fowkes (London 1976 [1867]: Penguin), 129, 131.

Marginalism subjected this objectivist understanding of value to a harsh critique.⁷⁵ A given commodity's value, marginalists argue, does not inhere in objects and is not dependent upon any objectively measurable feature, such as labour-time, but upon the measure of its *subjective utility*. In Menger's words, 'value is nothing inherent in goods and [...] it is not a property of goods. [...] The *measure* of value is entirely subjective [*subjectiver*] in nature, and for this reason a good can have great value to one economizing individual [*wirtschaftendes Subject*], little value to another, and no value at all for a third, depending upon the differences in their requirements and available amounts.'⁷⁶ Walras makes this point with equal clarity:

[O]ur analysis has perfectly well demonstrated that value is an essentially relative thing. Undoubtedly, behind relative value there is something absolute, namely the intensities of the last wants satisfied, or the raretés. But these raretés, which are absolute and not relative, are subjective or personal and not at all part of external reality or objective.⁷⁷

Marginalism, in other words, posits that value derives from a measure that is subjective and therefore necessarily *variable*.

Friedrich von Wieser coined the concept of marginal utility (or *Grenznutzen*) in 1884 as a label for Menger's, Jevons's and Walras's new understanding of value.⁷⁸ John Kenneth Galbraith explains the meaning of this concept as follows:

It is not the total satisfaction from the possession and use of a product (or service) that gives it value; it is the satisfaction or enjoyment—the utility—from the last and least wanted addition to one's consumption that so serves. The last available scrap of food in a famine is exceedingly

⁷⁵ See Stigler, 'Development of Utility Theory', 316; Bockman, *Markets in the Name of Socialism*, 19.

⁷⁶ Menger, *Principles*, 145-146.

⁷⁷ Walras, *Elements*, 164.

⁷⁸ Von Wieser first introduced the term *Grenznutzen* in his 1884 *Über den Ursprung und die Hauptgesetze des Wirtschaftlichen Werthes* (Vienna 1884: Alfred Hölder). He developed the concept further in an English article, 'The Austrian School and the Theory of Value', *The Economic Journal* 1 (1891): 108-121. Cf. Schumpeter, *History of Economic Analysis*, 848. For a closer analysis of the concept of "marginal utility", see chapter 5.

valuable and would command a worthy price; in conditions of abundance it has no value at all and goes out with the garbage. [...] [T]he utility of any good or service diminishes, all else equal, with increasing availability; it is the utility of the last and least wanted—the utility of the marginal unit—that sets the value of all.⁷⁹

I shall not consider the more technical aspects of marginalist doctrine any further. The crucial implication of the marginalist revolution, as historians of economics universally agree, is that the marginalists' claim that value is dependent upon subjective measures threw political economy into a deep methodological crisis. In Schumpeter's words, the marginalist critique necessitated 'the abandonment of the conception of the quantity of labour as the factor which regulates and measures the value of commodities' and subsequently led to the 'shifting of emphasis on to the doctrine of "subjective values" in economics'.⁸⁰ This meant, however, that the very notion of value imploded. That is, if value is relative both to individual needs and to local circumstances, it follows that value can no longer be understood as an objective measure conditioned by one measurable object—such as labour-time—but that it is necessarily conditioned by an infinite series of factors that cannot be analysed exhaustively because they depend upon subjective needs, preferences and circumstances. One can no longer even assume that any given object has value, for value itself is conditional. In Menger's words: 'The value of goods arises from their relationship [*Beziehung*] to our needs, and is not inherent in the goods themselves. With *changes in this relationship* [*Mit dem Wechsel dieses Verhältnisses*], value arises and disappears.'⁸¹ He then drily registers the problem this poses for political economy: 'Objectification [*Objectivierung*] of the value of goods, which is entirely *subjective* in nature, has [...]

⁷⁹ Galbraith, *A History of Economics*, 108. Schumpeter provides a more technical definition in *History of Economic Analysis*, 910-911.

⁸⁰ Schumpeter, *Economic Doctrine and Method*, 189. Cf. Milonakis & Fine, *From Political Economy to Economics*, 97.

⁸¹ Menger, *Principles*, 120. Both Walras and Jevons make the same point. See Jevons, *Theory of Political Economy*, 43: 'utility, though a quality of things, is *no inherent quality*. It is better described as *a circumstance of things* arising out of their relation to man's requirements'; Walras, *Elements*, 113: 'Value in exchange is a *relative fact*'.

contributed very greatly to confusion about the basic principles [*Grundlagen*] of our science.’⁸²

This, then, is how traditional histories of economic analysis understand the marginalist revolution. At this point it may be asked: what did Foucault have to say about this epistemological event? In seeking an answer to this question, readers of *The Order of Things* have little to go on, as the marginalist revolution is subjected to analysis only once in its pages, namely in a discussion of the theme of finitude and its relation to political economy. For Foucault, once political economy has been grounded in ‘a discourse on man’s natural finitude’ it is only a matter of time before ‘need and desire withdraw towards the subjective sphere [...]. It is precisely here that in the second half of the nineteenth century the marginalists will seek the notion of utility.’⁸³ Various commentators see this passage as proof that Foucault considered marginalism to be grounded in the modern *episteme*. ‘As Foucault suggests all too briefly’, writes Jack Amariglio, ‘the marginalists do not overturn the reign of Man in their rejection of Ricardian and Marxian value theory. [...] Marginalism’s interest in a calculus of pleasure and pain is differently grounded in a discourse about Man.’⁸⁴

This does not mean that Foucault rejects the idea that the marginalists inaugurated a shift in political economy. This is made clear in several observations scattered throughout *The Archaeology of Knowledge*. For instance, in a section where he is at pains to distinguish between different types of transformations that any given discursive formation may undergo, he uses the mathematisation of political economy pursued by Jevons and Walras as an illustration: ‘the nineteenth century, with Ricardo, marks both a new type of positivity, a new form of epistemologization, which were later to be modified in turn by [Antoine Augustin] Cournot and Jevons, at the very time that Marx was to reveal an entirely new

⁸² Menger, *Principles*, 121.

⁸³ Foucault, *The Order of Things*, 280. Note that Foucault also mentions marginalism on page 208 and that he mentions Jevons and Menger on page 181. However, in these passages he is concerned not with an analysis of marginalism in its positivity, but instead with debunking traditional histories of political economy that see in the physiocrats or the 18th-century “psychologists” forerunners of marginalism.

⁸⁴ Amariglio, Jack L., ‘The Body, Economic Discourse, and Power: An Economist’s Introduction to Foucault’, *History of Political Economy* 20 (1988) 4: 583-613, 596-597. The same conclusion is reached by Birken, Lawrence, ‘Foucault, Marginalism, and the History of Economic Thought: A Rejoinder to Amariglio’, *History of Political Economy* 22 (1990) 3: 557-569 and Vigo de Lima, *Foucault’s Archaeology of Political Economy*, 217ff.

discursive practice on the basis of political economy'.⁸⁵ In other words, the introduction of mathematical methods into political economy entailed a "modification" of that discursive formation, even if it did not amount to a rupture on the level of the *episteme*. These various comments, however, amount to little more than illustrations used to display the reach and novelty of the archaeological method. Foucault does not discuss how the modifications inaugurated by Menger, Jevons, Walras and their followers played out; which novel discursive practices they rendered possible; which novel discursive elements were introduced into political economy in their wake; what their implications were; and so forth.⁸⁶ I shall now begin to address these issues via a reading of Menger's work.

Carl Menger and the Birth of Austrian Political Economy

Historians of the marginalist revolution are mostly agreed that the triumvirate of marginalists—Jevons, Menger and Walras—is marked by a crucial division: whereas Jevons and Walras were both mathematicians and sought emphatically to make political economy more scientific by inscribing mathematics into its method, Menger rejected mathematics as an economic method. For this reason the latter is frequently regarded, in Mark Blaug's words, as 'the odd man out'.⁸⁷ Mirowski is even prompted to ban Menger from the history of post-marginalist economics, contending that, because he was not mathematician, 'it is an analytical error to include [...] Menger as part of the fledgling movement of neoclassical economic theory'.⁸⁸

⁸⁵ Foucault, *Archaeology of Knowledge*, 207. See also Foucault's reflection on 'the endeavour to purify, formalize, and possibly mathematicize the domains of economics, biology, and finally linguistics itself' that took place in the 19th century and that was made possible by the modern *episteme* in *The Order of Things*, 267.

⁸⁶ In her detailed study of Foucault's archaeological analysis of political economy, Vigo de Lima similarly suggests that Foucault failed to address the marginalist revolution and adds that 'we should evaluate the methodological change promoted by marginalism'—a task that, in her opinion, requires the archaeological method. (*Foucault's Archaeology of Political Economy*, 218.) Unfortunately, this comment remains at the level of a suggestion and Vigo de Lima does not pursue the task itself in the remainder of the volume.

⁸⁷ Blaug, 'Was There a Marginal Revolution?', 275. See Milonakis & Fine, *From Political Economy to Economics*, 101ff, 246ff and Screpanti & Zamagni, *An Outline of the History of Economic Thought*, 189ff for detailed discussions of Menger's place in the marginalist revolution.

⁸⁸ Mirowski, *More Heat Than Light*, 260.

However one frames the division between Jevons and Walras on the one hand and Menger on the other, the point is that the differences between these two sides are significant enough to warrant the view that marginalism was, from the moment of its emergence in the 1870s, divided into two overarching strands: one, pioneered by Jevons and Walras and popularised by Marshall, that might (hesitantly) be termed “neoclassical”⁸⁹ and that, in Mirowski’s words, is characterised by ‘the successful penetration of mathematical discourse into economic theory’;⁹⁰ and another, founded by Menger and deepened by Wieser and Böhm-Bawerk, that is conventionally known as the “Austrian School”. To put the same point in Foucault’s terms: the marginalist revolution produced two distinct systems of discursive statements—neoclassical economics and Austrian economics—, although both were encapsulated by the discursive formation that is modern political economy. In the remainder of this chapter I focus my attention exclusively on Menger in order to reach a detailed account of the *specificity* of the discursive practice that he bequeathed to 20th-century political economy; a practice that, as I show in the next chapter, was of singular importance for the emergence of neoliberalism.

Menger’s Place in the Modern Episteme

I should like to initiate my discussion of the implications of Menger’s subjective theory of value by reflecting on Menger’s place in the Modern *episteme*. As discussed at length above, in the modern age the positivity of knowledge is grounded in the finitude of man, as a result of which the human sciences come to study a series of external, quasi-transcendental objects that condition man’s finitude. How do these two themes underpin Menger’s work?

Let me start with finitude. It is, for Ricardo as well as for Marx, because man is finite, wears out, has physical needs that he must labour—that, in a word, he must produce value. Value, in this account, is conditioned entirely by productive labour, so that an object has value *as soon as* and *because* labour was expended in

⁸⁹ On the problems inherent in the term “neoclassical”, see Schumpeter, *History of Economic Analysis*, 919.

⁹⁰ Mirowski, *More Heat Than Light*, 195.

fashioning it. While Menger mounted a thorough critique of this understanding of the nature and origins of value (prompting Schumpeter to baptise him ‘the vanquisher of the Ricardian theory’),⁹¹ he did not trouble the basic assumption that value derives from need and he did not disarticulate need from human finitude. Thus he writes in the *Grundsätze*:

Needs [*Bedürfnisse*] arise from our drives [*Trieben*] and the drives are imbedded in our nature. An imperfect satisfaction of needs leads to the stunting of our nature. Failure to satisfy them brings about our destruction. But to satisfy our needs is to live and prosper [*leben und gedeihen*]. Thus the attempt to provide for the satisfaction of our needs is synonymous with the attempt to provide for our lives and well-being. It is the most important of all human endeavors, since it is the prerequisite [*Voraussetzung*] and foundation [*Grundlage*] of all others.⁹²

He repeats this claim in the second of his two major works, the 1883 *Untersuchungen über die Methode der Sozialwissenschaften, und der politischen Ökonomie insbesondere* (translated as *Investigations into the Method of the Social Sciences, With Special Reference to Economics*).⁹³ There, in an appendix on ‘Economic Needs and Ends’, he asserts that ‘the *ultimate* goal [Endziel] of all human economy [*menschlichen Wirtschaft*] is thus to cover our direct material needs’.⁹⁴ This even leads him to define the term “economy” (or *Wirtschaft*, a term that cannot easily be translated in English)⁹⁵ in relation to needs: ‘We understand by economy [*Wirtschaft*] premeditative activity aimed at satisfying our materials

⁹¹ Schumpeter, Joseph A., *Ten Great Economists: From Marx to Keynes* (London 1997 [1952]: Routledge), 86.

⁹² Menger, *Principles*, 77.

⁹³ Menger, Carl, *Investigations into the Method of the Social Sciences, With Special Reference to Economics*, transl. F.J. Nock (Grove City, PA 1996 [1883]: Libertarian Press).

⁹⁴ *Ibid.*, 203.

⁹⁵ It is a peculiarity of the German language that the term *Wirtschaft* (although Menger spells it as *Wirthschaft*), which derives from *Wirt*, meaning host or even innkeeper, became, somewhere in the 16th century, more or less synonymous with the term *Ökonomie*, which derives from the Graeco-Latin root of *oikonomia* or *oeconomia* (as is the case in most other modern European languages). See Tribe, Keith, *Strategies of Economic Order: German Economic Discourse, 1750-1950* (Cambridge 1995: Cambridge University Press), 15ff.

needs [*die auf die Deckung unseres Güterbedarfes gerichtete vorsorgliche Thätigkeit*].⁹⁶ For Menger, then, man *economises* because he is finite.

This brings me to the second theme, that of the necessity to identify a quasi-transcendental object in order to explain economic value. In Foucault's reading, Ricardo and Marx constructed labour as a quasi-transcendental object, the study of which would reveal the natural laws that govern the production—and the subsequent distribution and consumption—of wealth. As I have shown, Menger dislodges labour as the privileged object of economic analysis. Yet he does hold that value is conditioned:

The goods at our disposal have no value to us for their own sakes. On the contrary, we have seen that only the satisfaction of our needs has importance to us directly, since our lives and well-being are conditioned [*bedingt*] by it. [...] In the value of goods, therefore, we always encounter merely the significance we assign to the satisfaction of our needs—that is, to our lives and well-being.⁹⁷

Value, then, is conditioned by needs—and thus value is articulated to human finitude (“our lives and well-being”) *directly*. This means in effect that labour as the quasi-transcendental object that ties together value and need is jettisoned; Menger does not need it to articulate economy to mortality. Let me express this point formulaically: whereas Ricardian political economy holds that value is conditioned by labour, which in turn is conditioned by need, Mengerian political economy posits that value is *directly* conditioned by need.

In this way, Menger voids the space previously occupied by labour in the epistemic field that grounds modern political economy. That is to say, labour ceases to function as the quasi-transcendental object that makes value possible. However, if Foucault is correct in asserting that the modern age calls upon a series of quasi-transcendental objects to anchor knowledge, it follows that by clearing the field of labour, Menger throws political economy into an epistemological crisis. If labour is not that which makes value possible, then what is? To what does

⁹⁶ Menger, *Investigations*, 204.

⁹⁷ Menger, *Principles*, 121-122. Translation modified.

economic analysis owe its positivity, if not to labour? To ask these questions is already to touch upon the implications of Menger's subjective turn. Let me therefore turn to this topic.

Menger's Theory of Value

In Mengerian political economy, value is conditional, meaning that any given object can cease having value if the given conditions change. As a result of Menger's subjectivist critique of his predecessors, then, value loses its coherence, its transparency and its homogeneity as an object of scientific inquiry. Value becomes something ephemeral, something changeful and can no longer serve as the cornerstone of a science.

What, then, replaces value as the basic principle of political economy? One might expect needs to take centre stage; as for Menger human need is what conditions value. This, however, would be merely to place something equally changeable at the heart of economic analysis, for needs too are entirely subjective, and the resulting science would be more akin to psychology than to political economy. Instead, in a crucial move that was to transform political economy fundamentally, Menger made the very conditionality of value itself the linchpin of economic analysis. In other words, for him, economic analysis must study *under which conditions any given individual strives to satisfy any given need*. This position opens up an entire field of analysis that turns on the conditionality of value. Henceforth, political economy will query

[w]hether and under what conditions [*Bedingungen*] a thing is *useful* to me, whether and under what conditions it is a *good*, whether and under what conditions it is an *economic good*, whether and under what conditions it possesses *value* for me and how large the *measure* of this value is for me, whether and under what conditions an *economic exchange* of goods will take place between two economizing individuals

[*wirtschaftenden Subjecten*], and the limits [*Grenzen*] within which a *price* can be established if an exchange does occur [...].⁹⁸

Concisely put, 'economic theory [*die theoretische Volkswirtschaftslehre*] is concerned, not with practical rules for economic activity [*wirtschaftliche Handeln*], but with the *conditions* [*Bedingungen*] under which men engage in provident activity [*vorsorgliche Thätigkeit*] directed to the satisfaction of their needs'.⁹⁹

Concretely, this means that, for Menger, objects can only be considered goods under certain circumstances. The opening chapter of the *Grundsätze* accordingly proposes a "general theory of the good", asserting that '[i]f a thing is to become a good', it must fulfil the following four conditions: first, there must exist a human need; second, the object must have properties that make it suitable for the satisfaction of this need; third, the economising individual must have knowledge (*Erkenntniss*) of this connection; and fourth, the individual must have sufficient command (*Verfügung*) over the object to be able to use it.¹⁰⁰ It follows that any given object may obtain or lose its "goods-character" at a moment's notice. If, say, (1) I am hungry, (2) there are two sandwiches both capable of satisfying my need, (3) I know that both can satisfy my hunger and (4) I own both sandwiches, then both sandwiches are objectively speaking goods. If I proceed to eat one of the two, thus taking away my need, the other sandwich ceases to be of value at this moment in time and therewith loses its "goods-character".¹⁰¹

These are thus the new epistemic parameters that determine political economy: owing to his finitude, man must "economise", that is, act in such a way that his needs can be satisfied now and in the future. Henceforth, the political economist endeavours to understand economising activity; not, it must be stressed, through the analysis of economic acts themselves, but by the study of 'definite laws of

⁹⁸ Menger, *Principles*, 48.

⁹⁹ *Ibid.*

¹⁰⁰ *Ibid.*, 52.

¹⁰¹ For the sake of completeness, I should add a fifth condition, which is that both sandwiches are about to spoil. This is important because, as will become clear, Menger's theory of goods includes plans for future consumption. Thus, even though I may not be hungry at this point in time, a sandwich may still preserve its goods-character if I plan to use it to satisfy a need at some point in the future.

phenomena that condition [*bedingen*] the outcome of the economic activity of men'.¹⁰² When Menger adds that the laws that condition economising activity have thus become 'the *objects* of study in our science',¹⁰³ he bears witness to his own crowning achievement: he has introduced a radically new *object* into political economy. He did not fashion this object out of thin air; rather, he made void the space previously occupied by productive labour, the space of the quasi-transcendental condition of value. While, to repeat Foucault, 'Ricardo had required labour to provide the conditions of possibility of exchange, profit, and production',¹⁰⁴ Menger instead leaves unspecified what it is that conditions value and, what is more, proceeds to tether economic analysis to the very suspension of this question. In Mengerian political economy, the empty space of unspecified, heterogeneous and infinitely varied conditions is what ties objects to man and thus to value. This means nothing less than that Menger's accomplishment was to bring to the surface that which from Ricardo onwards had determined the positivity of political-economic knowledge only tacitly: the conditionality of value.¹⁰⁵

Menger's primary relevance to the archaeology of political economy is thus that he transformed the object of political economy. However, this transformation had several crucial implications for the discursive formation of political economy.

¹⁰² Ibid. See also Hayek's introduction to the *Grundsätze* in Menger, *Principles*, 17, where he writes that Menger's primary problem concerned 'the general conditions which led to economic activity, value exchange, price, and money'. For other competent formulations of this point see Blaug, *Economic Theory in Retrospect*, 295; Bonar, James, 'The Austrian Economists and their View of Value', *The Quarterly Journal of Economics* 3 (1888) 1: 1-31, 3 and *passim*; Milford, Karl, 'A Note on Menger's Problem Situation and Non-Essentialist Approach to Economics', in: Hagemann, Harald, Tamotsu Nishizawa & Yukihiko Ikeda (eds.), *Austrian Economics in Transition: From Carl Menger to Friedrich Hayek* (Basingstoke 2010: Palgrave Macmillan): 154-175, 155f; Screpanti & Zamagni, *An Outline of the History of Economic Thought*, 165.

¹⁰³ Menger, *Principles*, 49. Emphasis added.

¹⁰⁴ Foucault, *The Order of Things*, 340.

¹⁰⁵ It may be observed that it is a commonplace amongst commentators to liken Menger's achievement to Kant's "Copernican turn" in metaphysics. See, for instance, Campagnolo, Gilles, *Criticisms of Classical Political Economy: Menger, Austrian Economics and the German Historical School* (New York 2010: Routledge), 264ff; Dobretsberger, Josef, 'Zur Methodenlehre C. Mengers und der österreichischen Schule', *Zeitschrift für Nationalökonomie* 12 (1949) 2: 78-89; Kauder, Emil, 'Intellectual and Political Roots of the Older Austrian School', *Zeitschrift für Nationalökonomie* 17 (1957) 4: 411-425; Schumpeter, *History of Economic Analysis*, 919; Schumpeter, *Ten Great Economists*, 85. The comparison is that where Kant established the positivity of all possible experience on the very conditionality of experience, Menger established the positivity of all possible value on the very conditionality of value.

Three such implications were to prove formative of neoliberal political economy: a different understanding of the relationship between economy and *time*; the introduction into economic analysis of *knowledge*; and the rearticulation of political economy as a *practical science*. In the remainder of this chapter I shall treat each of these themes in turn.

Economic Time and History

The first implication of Menger's transformation of the object of political economy is that the relationship between economy and *time* is altered radically. As discussed above, Foucault asserts that when labour comes to be seen as the quasi-transcendental condition of value, economic analysis must encompass the entire historical chain of production that led to the production of the commodity being scrutinised, thus resulting in 'the articulation of economics upon history'.¹⁰⁶ However, once productive labour is displaced as the privileged object of economic analysis, this historical chain becomes irrelevant. 'There is', writes Menger,

no necessary and direct connection between the value of a good and whether, or in what quantities, labor and other goods of higher order were applied to its production. [...] In general, no one in practical life asks for the history [*Geschichte*] of the origin of a good in estimating its value, but considers solely the services that the good will render him and which he would have to forgo if he did not have it at his command.¹⁰⁷

This does not mean that the category of time is *disarticulated* from economic activity. Rather, it is split into two vectors, each pointing away from the present moment: one points towards the future; the other towards the past. Futurity is introduced into economic analysis because economisation is never concerned solely with the satisfaction of needs in the present. Indeed, man is capable of *planning* for the satisfaction of future needs, both in his productive capacities (making him, for instance, invest money in raw materials that may in future be

¹⁰⁶ Foucault, *The Order of Things*, 278.

¹⁰⁷ Menger, *Principles*, 146.

fashioned into consumable goods) and in his consumption (making him forego the consumption of a good now so that he may use it to satisfy a need at some later moment). Menger writes:

The concern of men for the satisfaction of theirs [*sic*] needs thus becomes an attempt to *provide in advance* for meeting their requirements [*Bedarfes*] in the future [*kommende Zeiträume*], and we shall therefore call a person's requirements those quantities of goods that are necessary to satisfy his needs within the time period covered by his plans [*Vorsorge*].¹⁰⁸

Henceforth, objects have value not because they carry within them the material sediment of a long history of toil, but because at least one economising individual deems them useful either now or in the future. Menger, in short, reverses the relationship between value and time, conceptualising value not in relation to historicity but to futurity.

History, having been relieved of the burden of bestowing value upon commodities, can now take on a different role in relation to economy. In Menger's work, history comes to be articulated to *social institutions*.¹⁰⁹ Indeed, the historicity of such institutions comes to be seen as the unintended—or *unplanned*—outcome of economising activity. That is to say, when individuals make plans for the satisfaction of future needs—in a word, when they economise—, they produce a surplus of sorts; a series of effects that were not part of their plans. They thus strive to satisfy present and future needs, but in doing so they contribute to the emergence of certain social phenomena. Such phenomena oftentimes fulfil a crucial purpose in society, but they are not 'the result of an *intention aimed at this purpose*, i.e., the result of an agreement of members of society or of positive legislation. They [...] present themselves to us rather as "natural" products (in a certain sense), as *unintended results of historical*

¹⁰⁸ Ibid., 79. See also Hayek's comment in the book's introduction: 'To [Menger] economic activity is essentially planning for the future'. (Ibid., 18.)

¹⁰⁹ On this element of Menger's thought, see Garrouste, Pierre, 'Menger and Hayek on Institutions: Continuity and Discontinuity', *Journal of the History of Economic Thought* 16 (1994): 270-291.

development [unreflectirte Ergebnisse geschichtliches Entwicklung].’¹¹⁰ His examples of such unintended historical forms are money, language, the law, the market, communities, the State and money. Peculiar to the emergence of such institutions is that they grow because individuals relate in a certain way to their surroundings, but in doing so contribute to the alteration of those very surroundings. To put it differently, the whole conditions the activity of its individual parts even as these in turn condition the form of the whole. Menger calls this process ‘the reciprocal conditioning [*gegenseitigen Bedingtheit*] of the whole and its normal functions and the parts’.¹¹¹

Menger thus articulates economising activity to time in two ways: on the one hand, seeking to satisfy future needs as well as present needs, individuals plan the prudent use of their goods; on the other, their economising activity produces something unforeseen, and when enough such unintended consequences accrue over time, history fashions them into institutions. Methodologically speaking, the insight that many an institution is in reality ‘the spontaneous outcome, the unpremeditated resultant, of particular, individual efforts of the members of a society’¹¹² leads to a binary division, on one side of which stand “natural” institutions, the emergence of which was not intended and which grew historically as the result of individual economising activity and on the other side of which stand “mechanistic” ones, which were consciously designed by humans to fulfil certain functions.¹¹³ When seeking to understand the origins and the inner workings of any given institution, one must, in Menger’s view, first identify to which of these two categories it belongs, for each category comes with a proper mode of analysis. Appropriate to intentionally designed institutions is what he calls the ‘pragmatic’ method, which requires ‘the explanation of the nature and origin of social phenomena from the intentions, opinions, and available instrumentalities of human social unions or their rulers’;¹¹⁴ appropriate to the study of unintended institutions, however, is a method that is more akin to

¹¹⁰ Menger, *Investigations*, 106.

¹¹¹ *Ibid.*, 125.

¹¹² Menger, Carl, *On the Origins of Money*, transl. C.A. Foley (Auburn, AL 2009 [1892]: Ludwig von Mises Institute), 38.

¹¹³ See Menger, *Investigations*, 108ff.

¹¹⁴ *Ibid.*, 123.

'physiology', as it studies what may be seen as 'social organisms'.¹¹⁵ Such a method is not interested in documenting anyone's intention or will and instead must analyse how any given institution may have arisen out of the reciprocal conditioning of the whole and its parts.¹¹⁶

Thus Menger has made possible the analysis of what Hayek would go on to call "spontaneous orders";¹¹⁷ orders the formation of which is conditioned by individuals' economising activity even as it conditions their activity in turn. This is an entirely novel discursive practice that turns Marx's conception of history on its head: indeed, for Marx—as Foucault reads him—History thrusts the labouring class into poverty, who then 'experience, nakedly, as it were, what need, hunger, and labour are'.¹¹⁸ When their needs become so pressing that they become conscious of their own exploitation, the labourers will seize the reins of History, heralding a new epoch. For Menger, on the other hand, the experience of need makes men economise and plan, and in doing so they unwittingly contribute to the formation of institutions that economists of later generations will recognise to be products of History. In the latter case, History does not make men experience a most desperate need; rather, it is the quotidian experience of very simple needs that makes men unintentionally and anonymously write history.

Mengerian political economy, then, makes possible a novel understanding both of the futurity of economisation and of the historicity of institutions. This means that, despite Foucault's claim that Ricardo and Marx together exhausted 'the two possible ways' of articulating modern economics to History,¹¹⁹ Menger in fact inaugurates a third way; one that, as the next chapter demonstrates, went on to inform an entirely new form of politics.

¹¹⁵ Ibid., 107.

¹¹⁶ See *ibid.*, 125ff.

¹¹⁷ See especially Hayek, F.A., *Law, Legislation and Liberty: A New Statement of the Liberal Principles of Justice and Political Economy*, Routledge Classics ed. (London 2013 [1973, 1976, 1979]: Routledge), ch. 2. For the connection between Menger and Hayek on this point, see Garrouste, 'Menger and Hayek on Institutions'. I discuss Hayek's understanding of spontaneous orders in more depth in chapters 5 and 6.

¹¹⁸ Foucault, *The Order of Things*, 284.

¹¹⁹ *Ibid.*, 284.

Economy and Knowledge

The second implication of the Mengerian system is that economic analysis becomes intimately connected to *knowledge*. When value comes to be regarded as a subjective element, personal judgements become of crucial importance—indeed, in this model, what I *judge* to be of value is, *eo ipso*, what *is* valuable to me. This, however, does not merely hold for value judgements; it also applies to judgements about objective factors, that is, judgements about one's own needs, about the world, about goods, about other people's likely activities, and so on. For Menger, in other words, *knowledge* is one of the crucial factors that *conditions* value.¹²⁰ As already noted, according to Menger's general theory of the good, one of the four conditions that need to be met if any given object is to be considered a good is that the economising individual possesses the correct knowledge (*Erkenntniss*) concerning the causal connection between his need and the object.¹²¹ If, to rephrase, an individual does not *know* that he might satisfy a given need by undertaking a given activity, then (*mutatis mutandis*) he will not undertake that activity. This means quite simply that an object can only ever be valuable if it is *known* to be capable of satisfying a given need.

Because, as discussed above, Menger conceives of economising activity not merely as the satisfaction of present needs but also as the attempt to plan for the satisfaction of future needs, his theory of economic goods allows for an understanding of the activity of planning as one that crucially involves knowledge. Thus he writes:

There is a twofold knowledge [*eine doppelte Erkenntniss*] that men must possess as a prerequisite [*Voraussetzung*] for any successful attempt to provide in advance for the satisfaction of their needs. They must become clear: (a) about their requirements [*Bedarf*]*—*that is, about the quantities of goods they will need to satisfy their needs during the time period over

¹²⁰ For accounts of the role of knowledge in Menger's thought, see esp. Streissler, Erich, 'To What Extent Was the Austrian School Marginalist?', *History of Political Economy* 4 (1972) 2: 426-441; see also Garrouste, 'Menger and Hayek on Institutions'; Kirzner, Israel M., 'The Entrepreneurial Role in Menger's System', *Atlantic Economic Journal* 6 (1978) 3: 31-45.

¹²¹ See Menger, *Principles*, 52ff.

which their plans extend, and (b) about the quantities of goods at their disposal for the purpose of meeting these requirements.

All provident activity directed to the satisfaction of human needs is based on knowledge [*Erkenntniss*] of both of these quantities. Lacking knowledge of the first, the activity of men would be blind, for they would be ignorant [*nicht bewusst*] of their objective. Lacking knowledge of the second, their activity would be planless [*planlose*], for they would have no conception of the available means.¹²²

For Mengerian political economy, then, adequate knowledge of future needs and events is a necessary condition of planning.

However, knowledge does not merely condition such acts as the acquisition or consumption of goods for the satisfaction of present or future needs; it also conditions other forms of economising behaviour, including economic exchange.¹²³ Thus, in the chapter of his *Grundsätze* that discusses the “theory of exchange”, Menger is at pains to argue that an exchange relationship

depend[s] [...] on three preconditions [*Voraussetzungen*]: (a) one economizing individual [*wirtschaftenden Subjectes*] must have command [*Verfügung*] of quantities of goods which have a smaller value to him than other quantities of goods at the disposal of another economizing individual who evaluates the goods in reverse fashion, (b) the two economizing individuals must have acquired knowledge [*Erkenntniss*] of this relationship, and (c) it must be in their power [*Gewalt*] actually to perform the exchange of goods.¹²⁴

If, however, all of these variants of economising behaviour are conditioned by knowledge, it follows that, alongside knowledge, two related themes are introduced in the same gesture: *ignorance* and *error*.¹²⁵ Indeed, because value depends upon knowledge, ignorance (that is, a lack of knowledge) and error (that

¹²² Ibid., 80. Translation amended.

¹²³ See also Kirzner, ‘The Entrepreneurial Role in Menger’s System’, 33ff.

¹²⁴ Menger, *Principles*, 180. Translation amended.

¹²⁵ See also Kirzner, ‘The Entrepreneurial Role in Menger’s System’, 35ff.

is, mistaken knowledge) become economically relevant. As already observed, Menger holds that under conditions of ignorance regarding an object's usefulness, it 'loses its goods-character'.¹²⁶ As a result, the economist can 'observe fluctuations in the values of goods that are caused simply by *changes in the knowledge* men have of the importance of goods for their lives and welfare'.¹²⁷ Yet, by the same token, erroneous knowledge can lead to individuals ascribing value to 'things that are incapable of being placed in any kind of causal connection with the satisfaction of human needs'.¹²⁸ This happens either when people erroneously believe that they have certain needs (e.g. medicine for a disease that does not exist) or when people erroneously ascribe uses to objects that they do not possess (e.g. charms or love potions).¹²⁹ Mengerian political economy, then, assigns as much analytical weight to the beliefs and acts of 'foolish people [*thörichte Menschen*]' as it does to "rational" behaviour.¹³⁰ 'Error is inseparable from all human knowledge' and, for this reason, error and ignorance as well as knowledge must be an integral part of economic analysis.¹³¹

In short, knowledge, however inaccurate, has become intrinsic to economic analysis. Henceforth, the economist seeking to explain economising behaviour must be able to account for the relevant information the economising agent does or does not possess.

"The Art of Government"

The third implication of Menger's reorientation of political economy is that the dismal science can once more lay claim to being a *practical* science. Once economic analysis comes to be focused on the conditions under which certain activities

¹²⁶ Menger, *Principles*, 52.

¹²⁷ *Ibid.*, 148.

¹²⁸ *Ibid.*, 53.

¹²⁹ See *ibid.*

¹³⁰ *Ibid.*, 148. Translation amended. This has prompted William Jaffé to draw a fundamental distinction between Menger on one side and Jevons and Walras on the other, writing that '[m]an, as Menger saw him, far from being a "lightning calculator," is a bumbling, erring, ill-informed creature, plagued with uncertainty, forever hovering between alluring hopes and haunting fears, and congenitally incapable of making finely calibrated decisions in pursuit of satisfactions'. (Jaffé, William, 'Menger, Jevons and Walras De-Homogenized', *Economic Inquiry* 14 (1976) 4: 511-524, 521.)

¹³¹ Menger, *Principles*, 148.

normally occur, it becomes possible to suggest ways of influencing such activities. ‘The purpose of the theoretical sciences’, Menger writes in the *Untersuchungen*,

is understanding of the real world, knowledge of it extending beyond immediate experience, and control [*Beherrschung*] of it. [...] We control the real world in that, on the basis of our theoretical knowledge, we set the conditions [*Bedingungen*] of a phenomenon which are within our control [*Gewalt*], and are able in such a way to produce the phenomenon itself.¹³²

Because, Menger is at pains to argue, science both offers knowledge and makes control possible, political economy must be divided into two subdomains: political-economic *theory*, which discovers the general laws that condition economising activity, and ‘the so-called *practical sciences* or *technologies* [praktischen Wissenschaften oder Kunstlehren]’.¹³³ The latter ‘do not teach us at all what *is*. Their task [*Aufgabe*] is rather to determine the principles [*Grundsätze*] by which specific efforts, depending on the variety of circumstances, can be pursued most effectively [*am zweckmässigsten*].’¹³⁴ That is to say, the practical economic sciences ‘teach us the general principles, the maxims by which national economy can be benefitted [...] and by which state finances can most suitably be instituted’.¹³⁵

This theme ties into the first implication discussed above. Indeed, if political economy can produce knowledge of the manner in which individual behaviour and complex social phenomena are reciprocally conditioned, it becomes possible to develop prescriptive doctrines on how these phenomena may be preserved—or perhaps even produced. It is therefore unsurprising that in the final two chapters of the *Untersuchungen*, Menger develops a critique of Smith and his followers by chastising ‘their defective understanding of the unintentionally created social

¹³² Menger, *Investigations*, 23-24.

¹³³ *Ibid.*, 4. See also especially appendices III and IV of the *Investigations* and Menger, Carl, ‘Grundzüge einer Klassifikation der Wirtschaftswissenschaften’, in: *The Collected Works of Carl Menger, volume 3: Kleinere Schriften zur Methode und Geschichte der Volkswirtschaftslehre* (Vienna 1935 [1889]: Hölder-Pichler-Tempsky): 185-218.

¹³⁴ Menger, *Investigations*, 4. Translation amended.

¹³⁵ *Ibid.*, 188.

institutions and their significance for national economy [*Volkswirtschaft*].¹³⁶ In Menger's opinion, Smith and his followers

did not know how to value the significance of "organic" social structures [*Socialgebilde*] for society [*Gesellschaft*] in general and national economy [*Volkswirtschaft*] in particular and therefore [were] nowhere concerned to *conserve* them. What characterizes the theories of A. Smith and his followers is the one-sided rationalistic liberalism, the not infrequently impetuous effort to do away with what exists, with what is not always sufficiently understood, the just as impetuous urge to create something new in the realm of political institutions—often enough without sufficient knowledge [*Sachkenntniss*] and experience.¹³⁷

For Menger, correct practical reasoning must be based on 'the full understanding of existing social institutions [*Einrichtungen*] in general and of organically created institutions [*Institutionen*] in particular' and must advocate 'the retention [*Festhaltung*] of what had proved its worth against the one-sidedly rationalistic mania for innovation in the field of national economy'.¹³⁸

The identification of the conditions of economising activity as the object of political economy thus allows Menger to break radically with his predecessors, who, certainly since the work of Jean-Baptiste Say, had endeavoured to keep *practical* concerns of (national) economy strictly separate from the *scientific* study of natural laws.¹³⁹ 'If, as John Stuart Mill formulates this point,

Political Economy be a science, it cannot be a collection of practical rules; though, unless it be altogether a useless science, practical rules must be capable of being founded upon it. [...] Rules, therefore, for making a

¹³⁶ *Ibid.*, 153. Translation amended.

¹³⁷ *Ibid.*, 158. Translation amended.

¹³⁸ *Ibid.*, 158-159. Translation amended.

¹³⁹ For a piercing account of this process, see Tribe, Keith, *The Economy of the Word: Language, History, and Economics* (Oxford 2015: Oxford University Press), ch. 2.

nation increase in wealth, are not a science, but they are the results of science.¹⁴⁰

Because he views value as conditioned, Menger can advocate the *control of conditions* without thereby advocating intervention in economic processes, thus making it possible for political economy to become self-consciously prescriptive once again.

Menger, in short, purposefully reconnects political economy to what he revealingly terms ‘the art of government’.¹⁴¹ What allows him to connect the two is the notion of conditions: if political economy studies under which conditions certain economic phenomena manifest themselves, it can also prescribe the conditions that must be put in place for those phenomena to emerge or to be conserved.

Conclusion

In the present chapter I have sought to fill a crucial lacuna in Foucault’s various archaeological analyses of political economy. I have studied the scientific event known as the marginal utility revolution on an archaeological level, focusing on Menger’s writings in particular.

This analysis yields a number of crucial insights about the internal epistemological transformations undergone by the discursive formation of political economy in the immediate aftermath of the emergence of marginalism. The most crucial such transformation is that the object of political economy is displaced, as economists shift their focus from productive labour as the source of value to the field of factors that condition economising behaviour. Inherent to this transformation are three further shifts: first, political economy comes to operate with a different understanding of temporality, focusing, on the one hand, on planning as a way to economise for future needs and, on the other, on the spontaneous and “organic” historical formation of institutions out of the

¹⁴⁰ Mill, John Stuart, *Essays on Some Unsettled Questions of Political Economy*, 2nd ed. (New York 1968 [1844]: Augustus M. Kelley), 124.

¹⁴¹ Menger, *Investigations*, 6n9.

unforeseen consequences of individual economic acts. Second, the category of knowledge, as well as the subcategories of error and ignorance, become of central importance to economics because knowledge of commodities, of other people's behaviour and of one's own needs come to be conceptualised as necessary conditions for a variety of economising activities. Third, political economy recovers its role as an "art of government", assigning itself the task of prescribing the conditions that must be put in place in order for a certain economic or social phenomenon to come into existence or to be preserved.

These conclusions raise a set of new questions: which novel discursive practices does this epistemological transformation make possible? Which developments in political economy follow in its wake? Which new discursive elements make their way into political economy? How do these developments and elements get articulated to diverging political programmes? These questions are taken up in the next chapter.

CHAPTER 5: THE BIRTH OF NEOLIBERAL THOUGHT

Introduction

One of the overarching aims of this dissertation is to develop an archaeological analysis of neoliberal thought. This means that I seek to isolate the historical conditions of possibility of the emergence of neoliberalism in the first half of the 20th century. In the preceding chapter, I argued that the so-called “marginal utility revolution” of the 1870s entailed a shift internal to the discursive formation of political economy; a shift that can most clearly be distinguished in the writings of Carl Menger. Specifically, I argued that marginalism makes it possible for economic analysis to take the conditions of economising behaviour as its object of study and to abandon, for the most part, the analysis of productive labour. I showed that this shift entailed several other developments, including, first, a mutation in the understanding of, and role accorded to, both historicity and futurity in relation to economic activity; second, the introduction of the categories of knowledge, error and ignorance into economic analysis; and third, a renewed insistence upon political economy as a practical science that has a privileged position in determining governmental conduct.

In the present chapter, I extend this archaeological analysis to a series of epistemological shifts undergone by political economy between the marginalist turn in the 1870s and the emergence of neoliberalism in the 1940s. After discussing various conceptual and theoretical innovations made possible by marginalism, I investigate developments in political economy, political philosophy and the philosophy of history that occur, roughly, in the 1930s and 40s. I contend that during these two decades a new mode of thought emerges at the intersection of these three discursive formations; a mode of thought that essentially consists of the application of the Mengerian framework not, as Menger had done, to the economic activities of *individual* agents, but to the economic life of *society as a whole*. The result is a mode of thought that takes as its object of study the conditions necessary for the existence and preservation of societal order and that, in perfect correspondence to Mengerian political economy, entails three clearly identifiable themes: first, a series of claims concerning both the historicity and the

futurity of order; second, a concern for the pivotal role fulfilled by knowledge, error and ignorance in the formation of orders; and third, an outspoken attempt to articulate a programme of governmental conduct based upon sound political-economic analysis. This mode of thought is not, however, specific to any one particular normative doctrine; rather, it is adopted by diffuse thinkers in support of mutually exclusive political agendas. One of these agendas revolves around the restatement of liberalism: when, by the end of the 1940s, liberalism's adherents had successfully crafted a theory of society along the lines stipulated above, they proceeded to erect upon these foundations the political-economic programme that is now—and was then—referred to as “neoliberalism”.

This chapter is structured as follows. The first section explores various developments in the field of political economy that take place between the 1880s and the 1920s, emphasising the ways in which Menger's legacy made possible the articulation of various new concepts, strategies and discursive practices. I focus in particular upon Friedrich von Wieser's definition of “marginal utility”, Joseph Schumpeter's understanding of the entrepreneur and Ludwig von Mises's critique of socialism. In the second section, I turn towards the convergence, in the 1930s and 1940s, of these developments in political economy with advances in the philosophy of history and political philosophy; a convergence that gives rise to a novel mode of thought that centres on the conditions necessary for the emergence and existence of socio-economic order. My focus in this section is upon the works of F.A. Hayek, Walter Eucken and Karl R. Popper, each of whom emphasised different aspects of this mode of thought. After having discussed this mode of thought, I proceed to demonstrate that it was not peculiar to the works of these three thinkers, but that it was operative in the writings of several of their opponents as well. The third and final section discusses the birth, in the late 1940s, of the neoliberal project, paying specific attention to the founding of the Mont Pèlerin Society.

Political Economy After Menger

Today, Menger is primarily remembered for two things: the inauguration, with Stanley Jevons and Léon Walras, of marginalism and the founding of what is known

as the “Austrian School of economics”.¹ The Austrian School is normally thought to consist of Menger, Eugen von Böhm-Bawerk, Friedrich von Wieser, Joseph A. Schumpeter, Ludwig von Mises, F.A. Hayek and, more recently, Israel M. Kirzner.² When attempting to justify speaking of the Austrian School as a coherent school of economic thought, orthodox histories of the School tend to emphasise the personal ties that existed between these men, commonly describing it as a collective of ‘Menger’s followers and disciples’ and focusing on the fact that each subsequent generation tended to study under the previous one.³

It is more interesting, from an archaeological perspective, to inquire into the discursive practices that the writings of these thinkers have in common. Such an analysis would thus not look for personal ties or for networks of influence,⁴ but would map the discursive regularities that occur in the wake of the marginal utility revolution. Such a perspective yields the makings of an understanding of the type of economic analysis for which Mengerian political economy was the historical condition of possibility. In the remainder of this section, I offer a brief discussion of three topics: the concept of “marginal utility”, the theory of the entrepreneur and the socialist calculation debate.

¹ For introductions to Menger’s thought, see e.g. Boos, Margarete, *Die Wissenschaftstheorie Carl Mengers: Biographische und ideengeschichtliche Zusammenhänge* (Vienna 1986: Hermann Böhlau); Caldwell, Bruce (ed.), *Carl Menger and His Legacy in Economics* (Durham, NC 1990: Duke University Press); Campagnolo, Gilles (ed.), *Carl Menger: Neu erörtert unter Einbeziehung nachgelassener Texte* (Frankfurt am Main 2008: Peter Lang). For introductions to the Austrian School, see Hagemann, Harald, Tamotsu Nishizawa & Yukihiro Ikeda (eds.), *Austrian Economics in Transition: From Carl Menger to Friedrich Hayek* (Basingstoke 2010: Palgrave Macmillan); Milonakis, Dimitris & Ben Fine, *From Political Economy to Economics: Method, the Social and the Historical in the Evolution of Economic Theory* (London 2009: Routledge); Screpanti, Ernesto & Stefano Zamagni, *An Outline of the History of Economic Thought*, 2nd ed., transl. D. Field & L. Kirby (Oxford 2005: Oxford University Press); and the contributions to volume 6, number 3 (1978) of the *Atlantic Economic Journal*, which is a special issue on ‘Carl Menger and Austrian Economics’ edited by Samuel Bostaph.

² See Milonakis & Fine, *From Political Economy to Economics*, ch. 13.

³ *Ibid.*, 116. See also Hayek’s peculiar account of studying under the early Austrians in Hayek, F.A., *Hayek on Hayek: An Autobiographical Dialogue*, ed. S. Kresge & L. Wenar (London 1994: Routledge), part 1.

⁴ For a critique of the notion of “influence” see Foucault, Michel, *The Archaeology of Knowledge*, Routledge Classics ed., transl. A.M. Sheridan Smith (Abingdon 2002 [1969]: Routledge), 23ff.

Defining Marginal Utility

The appearance, shortly after the publication of the first marginalist texts, of the concept of “marginal utility” is a clear example of the process by which the formation of a new discursive object necessitates the subsequent formation of new concepts.

The marginalist revolution primarily took aim at the prevalent theory of value, as detailed in the previous chapter. It did so by displacing the object of political economy, shifting attention from processes of production to the very conditions under which individuals act in an economic manner. This gesture entailed the formulation of a new theory of value; a theory which states that value is dependent not upon the labour-time that went into the production of a given good but upon the utility ascribed to it on the basis of subjective needs. Central to this new theory of value was the concept of marginal utility.

As already briefly discussed in the previous chapter, it was Menger’s student von Wieser who first coined the concept of marginal utility (or *Grenznutzen*) in his 1884 *Über den Ursprung und die Hauptgesetze des Wirthschaftlichen Werthes*. There he introduces the concept to explain the nature of value, which, for any given object in a particular stock is only ever as high as the value of the least useful object in that stock. The object with the least utility, in other words, determines the value of all other objects. He writes:

Marginal utility [*Der Grenznutzen*] is the basis [*Grundlage*] for the estimation of each of the goods constituting the stock [*Vorrath*]. However different may be the benefits granted by these goods in their use, the value of all is nevertheless equal [*gleich gross*]. Not only this particular piece, A or B or C, but every single one, piece by piece, has the value of the marginal utility. Every individual piece, whatever it may be, to whichever use it may be dedicated, is only ever of interest [*gilt dem Interesse immer nur*] as the condition [*Bedingung*] of the creation of the least economic benefits.⁵

⁵ Von Wieser, Friedrich, *Über den Ursprung und die Hauptgesetze des Wirthschaftlichen Werthes* (Vienna 1884: Alfred Hölder), 128. My translation.

The value of the individual object, in other words, is conditioned by the benefits that would be granted if every single object in stock were to be used. Concretely, this means that if a given type of object is available in abundance, individual objects of this type will not be of crucial use—will, in other words, be *of marginal utility*—, as the loss of any such individual object will be of little consequence to the overall benefits the stock can provide. As a result, the individual objects are of little value, as other objects in the stock offer the same benefits. If, conversely, objects of a given type are scarce, the loss of an object at the margins of the stock will be felt dearly; consequently, these objects are of high value.

The formulation of the concept of marginal utility (which fulfills the same role as the concepts of final utility and *rareté* do in Jevons's and Walras's respective works) was necessitated by the basic postulate of marginalism, which states that the value of goods is wholly conditioned by subjective needs. Indeed, when value came to be tethered not to production but to subjective factors, the necessary consequence was that the value of individual goods came to be seen as variable, changing in accordance with fluctuations both in individual needs and in supply. This demanded a concept capable of capturing the fluctuating nature of value without thereby losing its explanatory power. The concept of marginal utility does exactly this: it allows for constant changes in the value of individual objects even as it implies that value will *always* be conditioned by the value of the marginal object.

The appearance of the concept of marginality utility, which went on to serve as the name for this newly fashioned theory of value, was thus itself conditioned by the prior appearance of political economy's new discursive object: the conditions under which individuals economise.

The Birth of the Entrepreneur

As discussed in the previous chapter, the categories of knowledge, error and ignorance take up a central place in Mengerian political economy. Indeed, for Menger, economising behaviour can only take place if an individual possesses certain bits of knowledge, including, for instance, knowledge about a certain good's capacity to satisfy any given need. Adequate knowledge, differently put, is one of the necessary conditions of economising activity. By thus making knowledge of

crucial import to economic analysis, Menger prepared the ground for a range of theories about the role of knowledge and ignorance in economic behaviour.

A prominent theory of this kind is Schumpeter's account of entrepreneurial development, which he first forwarded in his 1911 *Theory of Economic Development*. This book sets itself the task of explaining how gradual economic change functions and its primary hypothesis is that economic development occurs whenever sudden changes take place in the productive process. 'Development', in this account, is 'defined by the carrying out of new combinations' of productive means.⁶ For Schumpeter, the activity of carrying out new combinations of productive means can be isolated analytically and attributed to a specific "function" in the productive process: the 'entrepreneurial function'.⁷ Because 'it is the carrying out of new combinations that constitutes the entrepreneur', this function 'may be described as the fundamental phenomenon of economic development'.⁸ The entrepreneur is crucially different from the investor, as the latter *provides* the productive means, whereas the former's task is to *combine* these means in an innovative way. As Schumpeter summarises this point in his 1943 book *Capitalism, Socialism and Democracy*:

the function of entrepreneurs is to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological possibility for producing a new commodity or producing an old one in a new way, by opening up a new source of supply of materials or a new outlet for products, by reorganizing an industry and so on.⁹

For Schumpeter, only a specific type of person can carry out the entrepreneurial function, for entrepreneurship 'is a question of a type of conduct and of a type of

⁶ Schumpeter, Joseph A., *The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest, and the Business Cycle*, Transaction ed., transl. R. Opie (New Brunswick, NJ 1983 [1911]: Transaction), 66.

⁷ Ibid., 75. See also the texts collected in Schumpeter, Joseph A., *The Entrepreneur: Classic Texts by Joseph A. Schumpeter*, ed. M.C. Becker, T. Knudsen & R. Swedberg (Stanford, CA 2011: Stanford University Press). For a summary of Schumpeter's understanding of the entrepreneurial function and its development across his various works, see the editors' introduction to that same volume.

⁸ Schumpeter, *Theory of Economic Development*, 75, 74.

⁹ Schumpeter, Joseph A., *Capitalism, Socialism and Democracy* (London 1994 [1943]: Routledge), 132.

person in so far as this conduct is accessible in very unequal measure and to relatively few people'.¹⁰ The primary reason for this is that enterprise is a challenging endeavour, one that often meets with much hostility from the entrepreneur's 'social environment', especially if the environment is averse to change.¹¹ Another challenging factor, one that is more relevant to the present discussion, is that the carrying out of new combinations leads one into unknown and uncertain terrain. Indeed, because economic activity is based upon data about one's available means of production, their various possible combinations and the profits one is likely to make with these, the individual who attempts to carry out new and untried combinations 'is without those data for his decisions and those rules of conduct which are usually very accurately known to him'.¹² Or, as Schumpeter puts it elsewhere: 'The major elements in such an undertaking simply cannot be known.'¹³

Schumpeter's entrepreneur is thus defined by the fact that he acts economically *despite* the fact that he lacks the knowledge that would normally be necessary for such an act. The theory of the entrepreneurial function, in this sense, turns on its head Menger's proposition that adequate knowledge is a necessary condition of economic activity: in Schumpeter's view, a *lack* of knowledge is a necessary condition for the type of activity that drives economic development. Indeed, it is precisely because the entrepreneur acts without adequate knowledge of the likely outcomes that he requires a certain kind of heroic psyche; a 'mental freedom', as Schumpeter puts it, which 'is something peculiar and by nature rare'.¹⁴

The theory of the entrepreneur as articulated by Schumpeter is, in short, an example of a strategy that is made possible by Mengerian political economy. It is fundamentally reliant upon the centrality accorded by the latter to knowledge and ignorance as it tethers economic development to uncertainty and to a lack of what Schumpeter calls economic "data".¹⁵

¹⁰ Schumpeter, *Theory of Economic Development*, 81n2.

¹¹ *Ibid.*, 86.

¹² *Ibid.* 84-85.

¹³ Schumpeter, *The Entrepreneur*, 298. Cf. Elliott, John E., 'Introduction to the Transaction Edition', in: Schumpeter, *Theory of Economic Development*: vii-lix.

¹⁴ Schumpeter, *Theory of Economic Development*, 86.

¹⁵ Several commentators have observed that Schumpeter's theory of the entrepreneur relies upon Menger's emphasis on the role of knowledge in economic activity. See esp.

The Socialist Calculation Debate

Another discursive practice that was rendered possible by Mengerian political economy was the so-called “Socialist Calculation Debate”, a field of discussions, arguments and discursive strategies that was initiated in a 1902 article by Dutch economist N.G. Pierson and that reached its climax with the publication, in 1922, of von Mises’s *Die Gemeinwirtschaft* (translated as *Socialism*).¹⁶

The Socialist Calculation Debate revolved around the problem of the functioning of the price system in collectivist political economies. Pierson argued that however intricately a socialist society would be organised, the fixing of prices can never suppress the formation of value based upon subjective preferences. ‘The phenomenon of value can no more be suppressed than the force of gravity’, he writes. ‘What is scarce and useful *has value*.’¹⁷ Because, Pierson goes on to argue, objects have value in spite of the prices they may have been assigned by a central authority, trade will necessarily develop based not on the regulated price system but on spontaneously formed prices. ‘As long as men are prepared to give a higher price for more suitable and beautiful things than for things which are less suitable and beautiful, then the former will be regarded as more valuable than the latter; and out of this, exchange trade emerges automatically.’¹⁸ Pierson, differently put, relies upon the subjective theory of value to contend that a price system based upon subjective preferences necessary develops alongside regulated prices and that, as a result, socialist political economy will never be able to banish the market mechanism.¹⁹

Streissler, Erich, ‘To What Extent Was the Austrian School Marginalist?’, *History of Political Economy* 4 (1972) 2: 426-441; Kirzner, Israel M., ‘The Entrepreneurial Role in Menger’s System’, *Atlantic Economic Journal* 6 (1978) 3: 31-45. For a more recent theory of entrepreneurship that builds upon both Menger and Schumpeter, see Kirzner, Israel M., *Competition and Entrepreneurship* (Chicago, IL 1973: University of Chicago Press).

¹⁶ For a discussion of this debate, see Bockman, Johanna, *Markets in the Name of Socialism: The Left-Wing Origins of Neoliberalism* (Stanford, CA 2011: Stanford University Press), ch. 1.

¹⁷ Pierson, N.G., ‘The Problem of Value in the Socialist Community’, transl. G. Gardiner, in: Hayek, F.A. (ed.), *Collectivist Economic Planning* (London 1935 [1902]: Routledge): 41-85.

¹⁸ *Ibid.*, 80.

¹⁹ Although Pierson’s article was written for a broader public and eschews technical language, he does pay homage to Alfred Marshall, whom he recognises as his ‘master and leader’. (*Ibid.*, 55.)

Some two decades later, von Mises pushed this argument to its logical conclusion. In his *Socialism*, he reasons that because value is subjective, all economic activity requires a string of judgements about the relative value of the available goods for the satisfaction of certain needs. The economic actor must, after all, decide whether to spend his resources on one particular good rather than on another. Further, because needs as well as valuations are at once subjective and inconstant, so too are these judgements. Von Mises calls the string of judgements necessary for all economic activity a process of 'economic calculation'.²⁰ However, the more complex any given economic setting becomes, the more difficult, too, becomes economic calculation. In a highly complex market economy, the economic calculation necessary for economic activity requires accurate knowledge about an overwhelming number of factors of production, as any given commodity is the result of a complicated productive process. For von Mises, such knowledge would be impossible because 'no single man, be he the greatest genius ever born, has an intellect [*Geist*] capable of deciding the relative importance of an infinite number of goods of higher order'.²¹ This is why, in complex economies, money exists, as money makes possible the calculation of value by means of the price mechanism that is integral to the market mechanism. The price of a good, in other words, is a datum that contains in itself an infinite amount of data about the productive process, indeed an infinite store of *knowledge*, without which economic activity is not possible. Von Mises adds that '[i]n societies based on the division of labour, the distribution of property rights effects a kind of mental division of labour [*geistiger Arbeitsteilung*], without which neither economy [*Wirtschaft*] nor systematic production would be possible'.²² Because, von Mises reasons, socialist economies lack the market mechanism, they contain no method for individuals to calculate any given good's relative usefulness, that is, its value. 'Without calculation,' he concludes, 'economic activity is impossible [*Ohne Wirtschaftsrechnung keine Wirtschaft*]. Since under Socialism economic calculation is impossible, under

²⁰ Von Mises, Ludwig, *Socialism: An Economic and Sociological Analysis*, transl. J. Kahana (Indianapolis, IN 1981 [1922]: Liberty Fund), 97.

²¹ *Ibid.*, 101.

²² *Ibid.*

Socialism there can be no economic activity [*Wirtschaft*] in our sense of the word.²³

With von Mises's *Socialism*, the argument that collectivist planning, however intricate, could never suppress the spontaneous formation of prices based upon subjective preferences thus makes way for a far more damning critique: because, as Mengerian political economy prescribes, economic activity is conditioned by knowledge, political economies that lack the market mechanism therewith lack the price system, making economic calculation and, consequently, economic activity *as such* impossible. Here, the central role assigned to knowledge becomes an integral part of the scientific defence of the market mechanism.

In summation: in this section, I have documented three discursive practices that emerged in the wake of the marginal utility revolution: the formation of the concept of marginal utility, the articulation of a theory of economic development based upon the entrepreneurial function and the critique of socialism on the basis of "economic calculation". Archaeological analysis of the marginal utility revolution reveals that each of these discursive practices is historically conditioned by Mengerian political economy; that, in other words, the introduction of the conditions under which economic activity is possible as the central object of economic analysis functioned as the historical *a priori* of these three discursive practices.

It should be emphasised, however, that each of these shifts is internal to the discursive formation of political economy. In the 1930s, however, these discursive practices came to be articulated to two other discourses: the philosophy of history and political philosophy. It is to these intersections that I now turn.

Economy, Society, History

In the 1930s, many thinkers who, in the following decade, would go on to fulfil pivotal roles in the establishment of the neoliberal movement, were engaged in debates that revolved primarily around questions of an epistemological nature; questions, that is, which deal with the status and object of scientific knowledge. The focal point of these debates was the problem of order: what, it was asked, is

²³ Ibid., 103.

the nature of order? Which different orders exist in society? How are these interrelated? What are their specific histories? Which types of political activity threaten to undermine order? Which types of political activity may, conversely, assist in preserving order?

For the authors I am here concerned with—Hayek, Eucken and Popper—, these debates were far from trivial. Indeed, all three believed that their age had given rise to a myriad of faulty philosophical doctrines concerning the nature and inner workings of history, the meaning of order and progress, and the political role of science. What is more, they were convinced that, in the final analysis, ideas shape the world,²⁴ leading them to believe that these faulty understandings resided at the heart of the politico-economic catastrophes that, in recent decades, had shaken Western civilization to its core—the First World War and the Great Depression, for instance, as well as the emergence of totalitarian philosophies. The fact that, during the 1930s, each of these men took up arms against these philosophical doctrines and not the beliefs of their contemporaries indicates that they held the social crises of their times to be rooted in an epistemological crisis that was analytically prior to and therefore philosophically more urgent than the “governmental crisis” of their day.

In the present section, I seek to map these debates in order to demonstrate that what emerged from them in the 1940s was a determinate mode of thought about society and economic order. This new paradigm was then mobilised by various authors with differing political agendas to criticise the understanding of order that had underpinned 19th-century liberalism. My discussion centres upon the writings of Hayek, Eucken and Popper, which were of central importance in these debates and which allow the archaeologist to discern the discursive regularities that reside in the archaeological depths of the age. I approach these writings thematically, discussing first the novel conception of history they forward, then the role they assign to knowledge and error and finally the understanding of the political role of science they contain.

²⁴ See, for instance, Eucken, Walter, ‘What Kind of Economic and Social System?’, in: Peacock, Alan & Hans Willgerodt (eds.), *Germany’s Social Market Economy: Origins and Evolution* (New York 1989: Palgrave Macmillan): 27-45, 38; Hayek, F.A., ‘The Intellectuals and Socialism’, *The University of Chicago Law Review* 16 (1949) 3: 417-433; Popper, Karl R., *In Search of a Better World: Lectures and Essays from Thirty Years*, transl. L.J. Bennett (London 1994: Routledge), ch. 1.

Against “Historicism”

In the early 1930s, Hayek, Eucken and Popper believed themselves surrounded by various faulty understandings of history and its inner workings. More than other doctrines, these philosophies of history were, in their view, to blame for the birth of the various totalitarian philosophies of their time.

Eucken, for instance, discerned a split in the science of economics, which he referred to as “the great antinomy”;²⁵ a split between, on the one hand, economic theorists and, on the other, economic historians. The theorists—a category that, for Eucken, includes all three founders of marginalism—believed that economic analysis must be wholly abstract, analysing the universal laws that underpin all economic behaviour and paying no heed to historical or empirical data; the historians—a category mostly comprised of members of the so-called “Historical School” of economics²⁶—held that economic analysis must study only the historical development of economies and must distil, from empirical data, the laws that govern historical progress. For Eucken, both of these positions work with a faulty understanding of history, leading the first to reject historical study *tout court* and prompting the second to overemphasise the importance of history, as a result of which it unduly rejects theoretical analysis. As he writes in his 1940 *Grundlagen der Nationalökonomie* (translated as *The Foundations of Economics*): ‘Economists are confronted [...] by what we are calling the Great Antinomy of their subject, which they have to overcome if they are to understand the course of economic life.’²⁷ Although Eucken did not go so far as to claim that the great antinomy had *caused* the economic crises of the age, he did believe that it had blinded economists

²⁵ See Eucken, Walter, *Kapitaltheoretische Untersuchungen*, 2nd ed. (Tübingen 1954 [1935]: J.C.B. Mohr); Eucken, Walter, *The Foundations of Economics: History and Theory in the Analysis of Economic Reality*, transl. T. W. Hutchison (Berlin 1992 [1940]: Springer Verlag), part 1, ch. 2. Cf. Bilger, François, *La pensée économique libérale dans l’Allemagne contemporaine* (Paris 1964: Librairie générale de Droit), part 1, ch. 1; Peukert, Helge, ‘Walter Eucken and the Historical School’, in: Koslowski, Peter (ed.), *The Theory of Capitalism in the German Economic Tradition: Historism, Ordoliberalism, Critical Theory, Solidarity* (Berlin 2000: Springer): 93-145, 102ff.

²⁶ For a discussion of the German “Historical School”, see Milonakis & Fine, *From Political Economy to Economics*, ch. 5; Tribe, Keith, *Strategies of Economic Order: German Economic Discourse 1750-1950* (Cambridge 1995: Cambridge University Press), ch. 4.

²⁷ Eucken, *Foundations*, 42.

to their actual causes, thus rendering economic analysis void of analytical and practical value.

Around the same time, Popper and Hayek took aim at what they both called “historicism”,²⁸ that is, in Popper’s words, ‘an approach to the social sciences which assumes that *historical prediction* is their principal aim, and which assumes that this aim is attainable by discovering the “rhythms” or the “patterns”, the “laws” or the “trends” that underlie the evolution of history’.²⁹ Historicism, in other words, seeks to discover certain iron laws of history; laws on the basis of which one may develop ‘forecasts’ that ‘have the character of historical prophecies’.³⁰ While Hayek in particular also applied the label of historicism to the German economists of the Historical School, both he and Popper were specifically at pains to discern its traces in various socialist doctrines as well as in contemporary proto-fascist doctrines, such as Oswald Spengler’s. In the hands of political philosophers of these latter two varieties, the historicist dogma led, in Popper’s and Hayek’s

²⁸ The term “historicism” was coined by Popper, who meant it as the English equivalent of the widely used German term “*Historismus*”. Hayek originally preferred the term “historism” to signify the same phenomenon, but ended up adopting “historicism” in order explicitly to associate his critique to Popper’s. Since then the original German term, *Historismus*, has commonly come to be translated as “historicism”. See for instance the English translation of Böhm, Franz, Walter Eucken & Hans Grossmann-Doerth, ‘The Ordo Manifesto of 1936’, in: Peacock & Willgerodt (eds.), *Germany’s Social Market Economy*: 15-26.

²⁹ Popper, Karl R., *The Poverty of Historicism*, 2nd paperback ed. (London 1961 [1957]: Routledge), 3. Although it was published in book form only in 1957, Popper presented an early version of *The Poverty of Historicism* in 1936 and published the whole essay in several installments in 1944 and 1945. For similar views see Eucken, *Foundations*, 9; Hayek, F.A., *Studies on the Abuse and Decline of Reason*, ed. B. Caldwell (Chicago, IL 2010: University of Chicago Press), ch. 7. The two essays collected in this latter book, respectively entitled ‘Scientism and the Study of Society’ and ‘The Counter-Revolution of Science’, were published in instalments during the Second World War and were originally intended by Hayek as part of a larger project, entitled ‘Studies on the Abuse and Decline of Reason’, which he never finished. The essays were later reprinted, in 1952, as Hayek, F.A., *The Counter-Revolution of Science: Studies on the Abuse of Reason* (New York 1955: The Free Press). See also the editor’s introduction to the 2010 edition.

³⁰ Popper, *Poverty of Historicism*, 42. See also Popper, Karl R., *The Open Society and its Enemies*, in 2 volumes (London 1945: Routledge). On Popper’s notion of historicism and his role in the early stages of neoliberalism, see Stedman Jones, Daniel, *The Masters of the Universe: Hayek, Friedman, and the Birth of Neoliberal Politics*, paperback ed. (Princeton, NJ 2014 [2012]: Princeton University Press), 37ff. On the notion of historicism, see also Shearmur, Jeremy, *The Political Thought of Karl Popper* (London 1996: Routledge).

opinion, to a belief in ‘historic destiny’, eventually giving rise to the totalitarian philosophies of the 20th century.³¹

To the various forms of historicism that they had identified, Hayek, Eucken and Popper sought to oppose a different understanding of history; one that, in Hayek’s words, views history as a sequence of ‘unique and singular historical phenomena’.³² There are, in this view, no universal laws that guide history along a preordained path; rather, history is made up of contingencies, of accidental accretions and of societal institutions that no one person or group of persons ever intentionally created.

Indeed, the stated objective of Eucken’s *Grundlagen* is the construction of an economic method that can overcome the “great antinomy”; that, differently put, can account for historical change over time even as it can explain, theoretically, the regularities that underpin historically different economic forms. This method he calls “morphological”, so named because it distinguishes between and theoretically analyses the different historical *forms* that economic order takes.³³ Eucken’s morphology proceeds by identifying “economic orders” (or *Wirtschaftsordnungen*) in history; systems of economic conduct characterised by historically specific modes of economic activity. In Eucken’s words:

Whether it is the economy [*Wirtschaft*] of ancient Egypt or of Augustan Rome or of medieval France or modern Germany or anywhere else, every economic plan [*Wirtschaftsplan*] or economic action of every peasant, landlord, trader, or craftsman takes place within the framework of an economic order [*im Rahmen irgendeiner “Wirtschaftsordnung”*], and is only to be understood within this framework. The economic process [*Wirtschaftsprozess*] goes on always and everywhere within the framework of an historically given economic order.³⁴

³¹ Popper, *Poverty of Historicism*, 42. See Hayek, *Decline of Reason*, *passim*.

³² Hayek, *Decline of Reason*, 136.

³³ See also Bilger, *Le pensée économique libérale*, 50ff; Tribe, *Strategies of Economic Order*, 215ff.

³⁴ Eucken, *Foundations*, 80. Translation amended.

For Eucken, the point is not to document the countless historically given economic orders; an impossible endeavour, in any case, for '[i]n the past an immense, almost unlimited, variety of economic orders have arisen and disappeared'.³⁵ Rather, the point is to uncover, underneath the infinite differences that distinguish the myriad historically given economic orders, what Eucken calls 'the pure formal elements [*der reinen Formelemente*] out of which all actual economic structures [*Wirtschaftsgebilde*] are built up'.³⁶ In other words, when enough historical economic orders are indexed and compared, it becomes possible analytically to discern certain transhistorical, "pure" regularities between them. These can be identified, in his view, by establishing how the "economic plans" of individuals arise. 'At all times and places', he writes, 'man's economic life consists of forming and carrying out economic plans. All economic action rests on plans.'³⁷ He goes on:

In this way we shall obtain a precise conception of the two pure elemental forms which are to be met with in whatever periods we study: they are, the ideal type of economic system we call the *centrally directed economy*, in which there is no exchange, and the type of system we call the *exchange economy*. The characteristic of the centrally directed type of system is that the control [*Lenkung*] of the entire everyday economic life of the community follows the plans of a central authority. If the economy of a society consists of two or more independent economic units [*Einzelwirtschaften*] each of which is formulating and carrying out economic plans, then there is an exchange economy.³⁸

Eucken's solution to the "great antinomy", then, is the morphological method; a method that, in his eyes, can account for the specificities of historically unique economic orders even as it can theoretically identify the formal characteristics of economic life within any such order. Crucial for the present discussion is that morphology entails a conception of history which rejects the view that economic

³⁵ Ibid., 81. Translation amended.

³⁶ Ibid., 118. Translation amended.

³⁷ Ibid.

³⁸ Ibid.

development is underpinned by universal laws of history, positing instead that each economic order has its unique qualities, even if it necessarily is a variant of one of only two possible pure economic forms. In this view, economic orders must be understood in their historical specificity, meaning that certain economic laws which held true in previous epochs cannot be assumed to uphold under present conditions. What is more, different economic orders emerge in different ways—some, in Eucken's view, 'grew up in the course of history', whereas others are 'created on the basis of a comprehensive plan' and come into being as the result of the installation of 'an economic "constitution" [*Wirtschaftsverfassung*]'.³⁹

In short, for Eucken, *order itself is an historical phenomenon*. History, in this account, is not the product of an unfolding providential or natural order; on the contrary, economic orders come into existence and disappear as a result of historical processes. The relationship between history and order is thus reversed, meaning that, henceforth, the study of the economic life of society no longer proceeds by explaining historical development on the basis of transhistorical laws—as historicism does—but must, instead, explain economic orders in their historical specificity.

While Eucken's *Grundlagen* deals primarily with economic order, Hayek and Popper, for their part, articulated a more ambitious philosophical conception of history. They sought to explain how society as a whole and its constituent institutions could have emerged historically; and although, in their view, economic institutions and economic activity both play a crucial role in this process, they do not exhaust it.

Hayek started developing this position in the 1930s and began publishing his views during the Second World War. Thus, in an essay entitled 'Scientism and the Study of Society', which also incorporates his critique of historicism, he speaks of a conception of history that understands society's constituent parts as 'the unintended and often uncomprehended results of the separate and yet interrelated actions of men in society'.⁴⁰ He expanded upon this view in a lecture given in December 1945 in Dublin, entitled 'Individualism: True and False'. The main objective of this lecture is the recovery of what he calls "true individualism", a

³⁹ Ibid., 82, 83.

⁴⁰ Hayek, *Decline of Reason*, 98.

doctrine that must be understood in the first place as ‘a *theory* of society, an attempt to understand the forces which determine the social life of man, and only in the second instance a set of political maxims derived from this view of society’.⁴¹ Integral to this theory of society, Hayek goes on to explain, is

the contention that, by tracing the combined effects of individual actions, we discover that many of the institutions on which human achievements rest have arisen and are functioning without a designing and directing mind; [...] and that the spontaneous collaboration of free men often creates things which are greater than their individual minds can ever fully comprehend.⁴²

In this view, then, society consists of institutions—or, as he would later go on to call them, “spontaneous orders”; a category that, for Hayek, includes such orders as the human mind, language, the law and the market⁴³—that developed historically as the unintended, unforeseen or unplanned outcome of the spontaneous interaction between countless individuals.

Societal order, for Hayek, is thus the outcome of historical processes. The raw material out of which order is fashioned, in this account, consists of individual actions. One salient feature of such actions is that they are carried out in ignorance of the complex orders they help to fashion. For Hayek, “true individualism” holds that the individual agent ‘is only partly guided by reason, and that his individual reason is very limited and imperfect’.⁴⁴ Most important, in his view, is that individual actions tend for the most part to be directed towards specific aims that

⁴¹ Hayek, F.A., *Individualism and Economic Order* (Chicago, IL 1948: University of Chicago Press), 6.

⁴² *Ibid.*, 6-7.

⁴³ See *ibid.*, 57. For Hayek’s most thorough account of “spontaneous orders”, see volume 1 of Hayek, F.A., *Law, Legislation and Liberty: A New Statement of the Liberal Principles of Justice and Political Economy*, Routledge Classics ed. (London & New York 2013 [1973, 1976, 1979]: Routledge). For a clear secondary account, see Tebble, A.J., *F.A. Hayek* (New York 2010: Bloomsbury), ch. 2. See also my discussion of Hayek’s conception of order in chapter 6. Elsewhere I have discussed Hayek’s understanding of spontaneous orders at length, arguing that his conception of history and order is a secularised version of late 18th-century providential theology, as found, most notably, in the writings of Adam Ferguson. See Cornelissen, Lars, ‘The Secularization of Providential Order: F. A. Hayek’s Political-Economic Theology’, *Political Theology* 18 (2017) 8: 660-676.

⁴⁴ Hayek, *Individualism and Economic Order*, 8.

pertain to one's immediate environment. Hayek calls this 'the constitutional limitation of man's knowledge and interests, the fact that he *cannot* know more than a tiny part of the whole of society and that therefore all that can enter into his motives are the immediate effects which his actions will have in the sphere he knows'.⁴⁵ This, for Hayek, is not to be lamented; on the contrary, it is to be celebrated, for it precisely out of the *unintended* consequences of individual actions that historical processes of ordering emerge.

Popper subscribes to this view, writing that 'undesigned social institutions may emerge *as unintended consequences of rational actions*' and that, accordingly, 'we must try to understand all collective phenomena as due to the actions, interactions, aims, hopes, and thoughts of individual men, and as due to traditions created and preserved by individual men'.⁴⁶ He refers to this view as "methodological individualism", a view that, in *The Open Society and Its Enemies* (published in 1945), he juxtaposes to any attempt to explain the origins of social institutions 'in terms of so-called collectives (states, nations, races, etc.)'.⁴⁷

In short, for Popper as for Hayek, history does not follow inexorable laws and society is not the product of the gradual unfolding of any singular plan, whether divine or collectivist in nature. Rather, it is the outcome of the spontaneous interaction between countless individual plans. Civilizational history, for them, is the surplus product of the individual activity of so many private persons who go about their quotidian business, blind to the fact that, despite their ignorance of these processes, their actions produce the raw material out of which history fashions the building blocks that together make up society. As explained in the previous chapter, this conception of history was already forwarded by Menger, who sought to explain how social institutions such as money or the State could have developed out of the individual economic activities of singular individuals.⁴⁸ In the hands of Hayek and Popper, however, this theory no longer merely applies

⁴⁵ Ibid., 14.

⁴⁶ Popper, *Poverty of Historicism*, 65n1, 157-158.

⁴⁷ Popper, *Open Society*, vol. 2, 91.

⁴⁸ Both Hayek and Popper pay homage to Menger in their respective accounts of institutional history. See, e.g., Popper, *Poverty of Historicism*, ch. 29; Hayek, *Decline of Reason*, ch. 8; Hayek, *Individualism and Economic Order*, 4n3. On this connection see also Garrouste, Pierre, 'Menger and Hayek on Institutions: Continuity and Discontinuity', *Journal of the History of Economic Thought* 16 (1994): 270-291.

to the manner in which the *economic* activity of individuals produces certain *social* institutions (even if economic activity is granted analytical privilege), but seeks to explain how *any* individual action that follows general rules contributes to the spontaneous emergence of societal order *as a whole*.⁴⁹

In summation, during the 1930s each of the three thinkers discussed here sought to articulate a philosophical conception of history that could displace prevalent conceptions of history, which they perceived to be both analytically erroneous and politically dangerous. Despite the various differences between their respective views, Eucken, Hayek and Popper are in agreement that historical development does not follow transhistorical laws or that history is the gradual unfolding of a more fundamental order; rather, they turn this conception on its head, arguing that order is a product of history.

Against Planning

From their respective attempts to explain the historicity of order philosophically, Eucken, Hayek and Popper draw crucial conclusions for the possibility of constructing order in the future. Indeed, if order is a highly complex and contingent product of historical processes of evolution that can never fully be understood, it follows that it is impossible either to *predict* how present orders will change in the future or to *craft* new complex orders purposefully. For each of these thinkers, this means that the construction or direction of a complex economic order by means of central planning is impossible. A central place in this argument is reserved for the category of ignorance.

For Eucken, as discussed above, all economic activity requires planning, which can be of an individual or of a collective nature. If, within a given economic order, all economic activity depends upon a single plan, it is a collectivist economy; if the economic order is made up of myriad individual plans, it is an exchange economy. Yet, for Eucken, all economic planning, whether individual or collective, is fundamentally dependent upon data (*Daten*); that is, all economic activity relies

⁴⁹ See also the following exchange between Hayek and an interviewer: '[Q:] You write in one of your books about Menger's problem, accounting for the rise of institutions without intention. I wonder whether there is anything that one can call Hayek's problem? [...] HAYEK: The formation of complex orders.' (Hayek, *Hayek on Hayek*, 137.)

upon knowledge of exchange relations, available means of production, one's own needs, and so on. Thus Eucken writes:

As the economic plan depends on the planning data [*Plandaten*], and as the economic actions of the individual economic unit when supplying and demanding depend on the economic plan, the forms which supply and demand takes are only to be understood if one starts from the differences in these planning data.⁵⁰

In other words, the two fundamental economic forms—the exchange economy and the collectivist economy—can be distinguished from one another by looking at how economic knowledge is used in each. In the exchange economy, Eucken argues, the data necessary for economic planning are communicated via the price mechanism. In the centrally planned economy, on the other hand, planning data must be fixed by the central planning authority on the basis of statistics; a nigh impossible task: 'One of the difficulties experienced in every community with a centrally directed economy is that of the central authority's inability to get to know [*kennenzulernen*] the needs [*Bedürfnisse*] of the members of the community. There is lack of contact between the economic authority and the needs of those receiving consumers' goods.'⁵¹ This difficulty stems from the fact that, in a complex economic system, relevant data are subject to constant change, whereas the collection of statistical data is a slow process. As a result, in a collectivist system, any 'existing prices' represent 'a long obsolete system of data'.⁵²

Unlike von Mises, then, Eucken holds that it is indeed possible to administer an economy centrally. However, such an economy is necessarily incapable of administering for individual needs, 'since these never effectively assert themselves. [...] If the central plans in the centrally administered economy are completely and successfully carried through, then the economic process has reached its objective, even if the needs of individuals are satisfied to a far smaller

⁵⁰ Eucken, *Foundations*, 136. Emphasis omitted.

⁵¹ *Ibid.*, 123. Translation amended.

⁵² Eucken, Walter, 'On the Theory of the Centrally Administered Economy: An Analysis of the German Experiment, Part I', transl. T.W. Hutchison, *Economica* 15 (1948) 58: 79-100, 91.

extent than they might be.⁵³ This means that, in this form of economy, the activity that is called “economising” is not primarily concerned with the satisfaction of individual needs, for the simple reason that the knowledge necessary for the latter is not available.

Popper, for his part, subscribes to the view that the foremost obstacle to central planning is a lack of knowledge about individual needs. However, he concludes from this not that planning constitutes a different modality of economic activity, as Eucken does, but that it is *impossible*. Thus, in *The Open Society*, he criticises what he calls “Utopian engineering” on precisely these grounds, writing that

[i]t claims to plan rationally for the whole of society, although we do not possess anything like the factual knowledge which would be necessary to make good such an ambitious claim. We cannot possess such knowledge since we have insufficient practical experience in this kind of planning, and knowledge of facts must be based upon experience. At present, the sociological knowledge necessary for large-scale engineering is simply non-existent.⁵⁴

This last claim suggests that, *in principle*, it is possible to obtain the knowledge necessary for planning. However, as Popper explains in *The Poverty of Historicism*, such knowledge can never be gained because it cannot be based upon experimental experience. The knowledge needed for planning, in other words, is knowledge pertaining to a social order *that has never existed*; it is knowledge of a “utopian” state of affairs. “Utopian engineering”, concisely stated, ‘is impossible’.⁵⁵

Hayek takes the critique of planning one step further still, integrating both Eucken’s and Popper’s views on the inefficiency and impossibility of planning but

⁵³ Eucken, Walter, ‘On the Theory of the Centrally Administered Economy: An Analysis of the German Experiment, Part II’, transl. T.W. Hutchison, *Economica* 15 (1948) 59: 173-193, 189.

⁵⁴ Popper, *Open Society*, vol. 1, 142. See also Popper, *Poverty of Historicism*, ch. 24. Cf. Shearmur, *Political Thought of Karl Popper*, 42f; Stedman Jones, *Masters of the Universe*, 47f.

⁵⁵ Popper, *Poverty of Historicism*, 69. For Popper’s views on knowledge and ignorance, see also the essays collected in Popper, Karl R., *Conjectures and Refutations: The Growth of Scientific Knowledge* (New York 1961: Basic Books) and the essays collected in part 1 of Popper, *In Search of a Better World*.

further claiming that, for these reasons, central planning poses a threat to the very fabric of civilization itself. This argument, developed throughout the 1930s and 40s, takes as its point of departure von Mises's assertion, discussed above, that the exchange economy is underpinned by a '*division of knowledge*'; is, in other words, reliant upon the dispersal of knowledge across all economic actors.⁵⁶ As Hayek argues in a 1936 paper, the notion of "division of knowledge" is 'quite analogous to, and at least as important as, the problem of the division of labor'.⁵⁷ The problem the former notion allows one to solve is 'how the spontaneous interaction of a number of people, each possessing only bits of knowledge, brings about a state of affairs in which prices correspond to costs, etc., and which could be brought about by deliberate direction only by somebody who possessed the combined knowledge of all those individuals'.⁵⁸ Because, in other words, knowledge is a central ingredient of spontaneous ordering, economic analysis must be able to account for the dispersion of knowledge amongst individual actors. However, as Hayek argues in 'Individualism: True and False', economic knowledge can only ever be dispersed; after all, as already noted, the individual '*cannot* know more than a tiny part of the whole of society'.⁵⁹ The complex order that results from the "spontaneous interaction" of individuals thus *cannot* be brought about by any central authority, for 'no person or small group of persons can know all that is known to somebody'.⁶⁰ This, of course, is also Popper's argument.

Elsewhere, Hayek offers a critique of planning that takes shape somewhat differently, evoking Eucken's work more than Popper's. Thus, in a 1945 essay called 'The Use of Knowledge in Society', Hayek argues that all economic activity is, in truth, a form of planning: 'the word "planning"' means, for him, 'the complex of interrelated decisions about the allocation of our available resources. All economic activity is in this sense planning'.⁶¹ However, economic decisions relate to the future use of resources as well as to their present use and, consequently, 'almost every decision on how to produce [...] depends at least in part on the views held

⁵⁶ See Hayek, *Individualism and Economic Order*, 50. In a footnote Hayek quotes the passage from von Mises's *Socialism* discussed above.

⁵⁷ *Ibid.*

⁵⁸ *Ibid.*, 50-51.

⁵⁹ *Ibid.*, 14.

⁶⁰ *Ibid.*, 16.

⁶¹ *Ibid.*, 78.

about the future'.⁶² In a planned economy, however, the planning authority must decide how to allocate resources entirely on an *ad hoc* basis, thus making it unpredictable. As a result, it becomes impossible for the entrepreneur to 'anticipat[e] future changes correctly' since 'these changes depend entirely on the decision of the authority'.⁶³ Accordingly, as Hayek argues in *The Road to Serfdom*,

[i]f the individuals are to be able to use their knowledge effectively in making plans, they must be able to predict actions of the state which may affect these plans. But if the actions of the state are to be predictable, they must be determined by rules fixed independently of the concrete circumstances which can neither be foreseen nor taken into account beforehand: and the particular effects of such actions will be unpredictable. If, on the other hand, the state were to direct the individual's actions so as to achieve particular ends, its action would have to be decided on the basis of the full circumstances of the moment and would therefore be unpredictable. Hence the familiar fact that the more the state "plans" the more difficult planning becomes for the individual.⁶⁴

Collective planning, differently put, makes it impossible for individuals to obtain the knowledge necessary for future-oriented economic activity, thus making it impossible for them to act in an economically rational manner.

Hayek thus forges a connection between, on the one hand, individual economic activity and its reliance upon foresight and, on the other, spontaneous ordering, thus tying the problem of individual planning into the theme of historical ordering.⁶⁵ Indeed, for him, when individuals plan for the future satisfaction of their needs, their actions bring about unforeseen and unintended changes that, over a long enough timespan, coalesce to form spontaneous orders; when their actions are undertaken in service of a central plan, however, their actions no longer produce such unforeseen consequences, thus halting historical evolution. In

⁶² Ibid., 198.

⁶³ Ibid.

⁶⁴ Hayek, F.A., *The Road to Serfdom*, definitive ed., ed. B. Caldwell (Chicago, IL 2007 [1944]: The University of Chicago Press), 114.

⁶⁵ I discuss Hayek's understanding of spontaneous orders in more detail in chapter 6.

this account, only the market mechanism can communicate the knowledge necessary for economic activity to be possible; and because economic activity is the motor of history, the centrally planned society risks the ultimate eradication of the necessary condition of the *continuation* of civilizational history. 'Indeed', writes Hayek in his essay on individualism,

the great lesson which the individualist philosophy teaches us on this score is that, while it may not be difficult to destroy the spontaneous formations which are the indispensable bases of a free civilization, it may be beyond our power deliberately to reconstruct such a civilization once these foundations are destroyed.⁶⁶

In other words, the collectivists targeted in the pages of *The Road to Serfdom* 'have in effect undertaken to dispense with the forces which produced unforeseen results', thus depriving the Future of its own History.⁶⁷ This, then, is Hayek's singular twist on the old problem of the end of History, as touched upon in the previous chapter: if, for Marx (as Foucault reads him), the advent of socialism marks the dawn of History, Hayek turns this thesis on its head, insisting that, by destroying the market mechanism, socialism vanquishes History's primary driving force.

In summation: for Eucken, Hayek and Popper, the relationship between individual knowledge and economic activity is such that, when the individual economic actor is bereft of the former, the latter becomes impossible by implication. On this presupposition they build a case against the centrally planned economy, contending that economies of this type undermine the division of knowledge that underpins the division of labour. In Hayek's hands, this critique goes further than von Mises's claim that "economic calculation" cannot exist under central planning, becoming instead an hypothesis about the end of civilizational history writ large.

⁶⁶ Hayek, *Individualism and Economic Order*, 25.

⁶⁷ Hayek, *Road to Serfdom*, 73.

In the preceding chapter, I identified the third implication of Menger's turn as the reinscription of political economy into what Menger calls the 'art of government'.⁶⁸ For him, to recount, political economy consists not only of a theoretical science but also of a practical science, the purpose of which is to prescribe the conditions under which a certain economic phenomenon may come into existence.⁶⁹ He held that political economy had shirked its duty as a practical science, because it overemphasised its theoretical aspect. In the 1930s, Eucken, Hayek and Popper similarly argued that the social sciences had lapsed into theoretical abstractions and had to be restored to their original status of practical sciences.

Indeed, one of Eucken's explicit concerns in the 1930s was to reassert the practical importance of political economy, which, in his eyes, had allowed itself to become obsolete. Thus, in a short text from 1936 co-authored with Franz Böhm, an economist, and Hans Grossmann-Doerth, a legal theorist, Eucken argues that the sciences of 'law [*Rechtswissenschaft*] and political economy [*Nationalökonomie*] [...] no longer exercise any appreciable influence on fundamental decisions of a politico-legal and economic nature'.⁷⁰ The authors consider this a dangerous state of affairs, for when disinterested scientists can no longer exert their influence on politics, private interests are given free rein to steer the State for their own benefit. For them, 'the most urgent task for the representatives of law and political economy, is to work together in an effort to ensure that both disciplines regain their proper place in the life of the nation'.⁷¹ They go on to assert that these two sciences' fundamental role in politics is to explain how the economic order of society is grounded in an 'economic constitution [*Wirtschaftsverfassung*]', which 'must be understood as a general political decision as to how the economic life of the nation is to be structured'.⁷² The task, in other words, is to grasp the

⁶⁸ Menger, Carl, *Investigations into the Method of the Social Sciences, With Special Reference to Economics*, transl. F.J. Nock (Grove City, PA 1996 [1883]: Libertarian Press), 6n9.

⁶⁹ See *ibid.*, book 1.

⁷⁰ Böhm et al., 'Ordo Manifesto', 15. Cf. Meijer, Gerard, *Het neoliberalisme: Neoliberalen over economische orde en economische theorie* (Assen 1988: Van Gorcum), 11.

⁷¹ Böhm et al., 'Ordo Manifesto', 16.

⁷² *Ibid.*, 24. Cf. Eucken, *Foundations*, 315f. See also Bonefeld, Werner, *The Strong State and the Free Economy* (London 2017: Rowman & Littlefield), 39.

constitutional conditions under which the market economy can exist, so that these may subsequently be created.

Eucken expands upon this view in the conclusion to his *Grundlagen*, where he contends that '[o]ne of the great tasks of the present age is to find an effective and lasting system, which does justice to the dignity of man, for this new industrialised economy with its far-reaching division of labour'. He proceeds:

A solution of this task, on which so much depends (not only men's economic existence), requires the elaboration of a practicable economic constitution which satisfies certain basic principles. The problem will not solve itself simply by our letting economic systems grow up spontaneously. The history of the last century has shown this plainly enough. The economic system has to be consciously shaped [*Denkende Gestaltung der Ordnung ist nötig*].⁷³

Eucken spent the rest of his life elaborating the basic principles of what he called "*Wirtschaftspolitik*", or economic politics. He published various influential pieces on this topic, including a lengthy 1949 essay entitled 'Die Wettbewerbsordnung und Ihre Verwirklichung' ('Competitive Order and Its Realisation'). When, in March 1950, he died of a heart attack while delivering a public lecture in London, he was close to completing a book on the topic, which was published posthumously under the title *Grundsätze der Wirtschaftspolitik (Principles of Economic Politics)*.⁷⁴ This book engages with what Eucken calls the "problem of direction" (*Lenkungsproblem*); that is, the problem of the best organisation of the economic life of society. He is at pains to insist that different epochs require different "methods of direction" (*Lenkungsmethoden*) and offers a

⁷³ Eucken, *Foundations*, 314.

⁷⁴ Eucken, Walter, *Grundsätze der Wirtschaftspolitik*, 7th ed., ed. E. Eucken & K.P. Hensel (Tübingen 2004 [1952]: Mohr Siebeck). As this book was never translated in its entirety into English, all translations offered here are my own. For contextualisation of this book, see Biebricher, Thomas & Frieder Vogelmann (eds.), *The Birth of Austerity: German Ordoliberalism and Contemporary Neoliberalism* (London 2017: Rowman & Littlefield), 41ff; Bilger, *Le pensée économique libérale*, 61ff; Peukert, 'Walter Eucken and the Historical School', 119ff.

detailed overview of the methods prevalent during the previous two epochs.⁷⁵ Book four, which is based upon the 1949 essay, forwards a proposal for a form of economic politics befitting the present age. Eucken writes:

The overall problem of the direction [*Lenkung*] of the industrial economy has to begin with: the great, everyday, [...] interrelated economic process, and the interdependence of the economic order with the orders of the state, the law and society. Here begins the only path that is still open to a politics of order [*Ordnungspolitik*]: it seeks to give shape to forms of economic activity [*die Formen des Wirtschaftens*] or to influence the conditions [*Bedingungen*] under which they arise.⁷⁶

The task, then, is to produce the conditions under which the “competitive order” (*Wettbewerbsordnung*) may emerge. Concretely, this means constructing an “economic constitution” (*Wirtschaftsverfassung*) that combines six positive principles: first, adequate monetary policy; second, open markets; third, private property; fourth, freedom of contract; fifth, liability; and sixth, what Eucken calls “constancy of economic policy”.⁷⁷ Each of these six principles implies each of the others, and only when they are combined can they constitute an adequate economic constitution. In Eucken’s words: ‘Their collective application in the concrete historical situation constitutes a certain desired economic order [*Wirtschaftsordnung*], in that they establish conditions [*Bedingungen*] which make this order unfold [*welche diese Ordnung zur Entfaltung bringen*].’⁷⁸

The type of politics that economic science thus prescribes is a politics of intervention, but the intervention it necessitates is of a singular character: it targets not economic processes themselves, but the *conditions* under which these processes arise. Eucken makes this point with considerable clarity in a short

⁷⁵ See Eucken, *Grundsätze*, book 2.

⁷⁶ *Ibid.*, 242.

⁷⁷ *Ibid.*, 254-289. Cf. Bonefeld, *Strong State and Free Economy*, ch. 2; Ptak, Ralf, *Vom Ordoliberalismus zur Sozialen Marktwirtschaft: Stationen des Neoliberalismus in Deutschland* (Wiesbaden 2004: Springer), 93f; Vanberg, Viktor, ‘Ordnungspolitik, the Freiburg School and the Reason of Rules’, *Freiburger Diskussionspapiere zur Ordnungsökonomik* 14 (2014) 1.

⁷⁸ Eucken, *Grundsätze*, 289.

English text called *This Unsuccessful Age*.⁷⁹ There he again contends that economic policy must 'aim at establishing conditions in industrial economy favourable to the organization of an efficient and humane economic system'.⁸⁰ He then adds that the experiences of the early 20th century have provided

an answer to the question whether the state should do more or less. "Less," say the advocates of *laissez-faire*; "more," cry the central planners. Friends of compromise solutions seek a middle way. They would like the state to plan and, at the same time, to give scope for private planning and initiative.

But the problem needs to be stated differently if it is to be solved. The question whether there should be more or less state activity evades the essential issue which relates to quality, not quantity. In our age of industry, modern technology, cities and masses, it is clearly intolerable that the economic system should be left to organize itself. It is clear also that the state is equally incapable of regulating the everyday process of so complex an economy based on division of labour. What, therefore, should be the nature of state activity? The answer is that the state should influence the *forms* of economy, but not itself direct the economic process.⁸¹

For Eucken, in short, political economy must reassert its fundamental role in the shaping of society's economic constitution. It can do so by analysing and fashioning the conditions under which a competitive order is possible; an endeavour that intervenes neither too little nor too much but that intervenes on a different stratum altogether—the stratum of conditions.

The same argument can be encountered in the works of Hayek and Popper. In his earlier works Hayek, too, lamented that political economy had made itself obsolete as a result of its methodological shortcomings. Thus he opened his

⁷⁹ Eucken, Walter, *This Unsuccessful Age: Or, The Pains of Economic Progress* (Edinburgh 1951: William Hodge and Company). This book, published posthumously, presents the series of lectures Eucken was invited (by Lionel Robbins) to give at the London School of Economics in March 1950. It was during one of these lectures that Eucken suffered a fatal heart attack.

⁸⁰ *Ibid.*, 94.

⁸¹ *Ibid.*, 95. Cf. Bilger, *Le pensée économique libérale*, part 2, ch. 3; Meijer, *Het neoliberalisme*, 7ff.

inaugural lecture at the London School of Economics, given in March 1933, with the following observation:

The position of the economist in the intellectual life of our time is unlike that of the practitioners of any other branch of knowledge. Questions for whose solution his special knowledge is relevant are probably more frequently encountered than questions related to any other science. Yet, in large measure, this knowledge is disregarded and in many respects public opinion even seems to move in a contrary direction. Thus the economist appears to be hopelessly out of tune with his time, giving unpractical advice to which his public is not disposed to listen and having no influence upon contemporary events.⁸²

To Hayek's mind, this is an alarming state of affairs, because out of all social sciences, economics is in a privileged position to determine social policy. Economics' privileged position comes from the fact that 'it showed that an immensely complicated mechanism existed, worked and solved problems, frequently by means which proved to be the only possible means by which the result could be accomplished, but which could not possibly be the result of deliberate regulation because nobody understood them'.⁸³ Because, for Hayek, it has access to specialised knowledge of this mechanism, economics must be made to discern which forms of political intervention in its inner workings may be accepted and which may not. The economist's access to this specialised knowledge, in Hayek's words,

does not by any means imply that the economist will arrive at a purely negative attitude towards any kind of deliberate interference with the working of the system. [...] However, this by no means does away with the positive part of the economist's task, the delimitation of the field within

⁸² Hayek, F.A., 'The Trend of Economic Thinking', in: *The Trend of Economic Thinking: Essays on Political Economists and Economic History*, ed. W.W. Bartley III & S. Kresge (London 1991 [1933]: Routledge): 13-30, 13. See also Hayek, F.A., 'The Nature and History of the Problem', in: Hayek (ed.), *Collectivist Economic Planning*: 1-40, 8ff.

⁸³ Hayek, 'Trend of Economic Thinking', 22.

which collective action is not only unobjectionable but actually a useful means of obtaining the desired ends.⁸⁴

Hayek expanded upon this position in his essay on “scientism”, arguing that the individualist philosophy that he favours ‘endeavours to understand as well as possible the principles by which the efforts of individual men have in fact been combined to produce our civilisation, and [...] from this understanding hopes to derive the power to create conditions favourable to further growth’.⁸⁵

For Hayek as for Eucken, this claim relies upon a rearticulation of the notion of intervention; an endeavour that he pursued most rigorously in a German essay published in 1954, bearing the revealing title ‘Marktwirtschaft und Wirtschaftspolitik’ (‘Market Economy and Economic Politics’). There he claims that classical political economists never offered much conceptual clarity on the notion of intervention, which, in his view, was a consequence of the fact that many of them held economic politics to be antithetical to ‘the fundamental principles of liberalism’.⁸⁶ This attitude did not change, Hayek goes on, until Eucken and several of his colleagues ‘made the conscious utilisation of competition as the ordering principle [*Ordnungsprinzip*] of the economy into the cornerstone of a neoliberal programme [*Neoliberalen Programms*] and saw it as the primary task of economic politics [*Wirtschaftspolitik*] to create the conditions [*Bedingungen*] under which competition can operate so beneficently and as free from interference as possible’.⁸⁷ In order to explain this form of economic politics further, Hayek proceeds to argue that it relies not upon a different set of goals, but that it entails a reconceptualisation of ‘the *type* [*Art*] of measures [...] that the State may carry out’.⁸⁸ For Hayek, the only type of measures that sound economic politics may carry out involves intervention in the ‘permanent juridical framework [*Rahmen*]’, as opposed to ‘constant intervention of state force [*Staatsgewalt*]’.⁸⁹ He concludes:

⁸⁴ Ibid., 27.

⁸⁵ Hayek, *Decline of Reason*, 153. Cf. Tebble, *F.A. Hayek*, 41ff.

⁸⁶ Hayek, F.A., ‘Marktwirtschaft und Wirtschaftspolitik’, *ORDO: Jahrbuch für die Ordnung von Wirtschaft und Gesellschaft*, 6 (1954): 3-17, 4. My translation.

⁸⁷ Ibid.

⁸⁸ Ibid., 5.

⁸⁹ Ibid., 6.

I believe that we reach the achievable optimum of competitive order [*Wettbewerbsordnung*] when, on the one hand, as should be self-evident, the State abstains from all restrictions on competition [*Konkurrenzbeschränkungen*] [...] and, on the other, general law, and especially contractual law, corporate law and patent law, is given shape in such a way that it favours competition everywhere and that it prevents restrictions on competition. I believe that when these conditions [*Bedingungen*] are fulfilled, special measures for the conservation of competition are not only unnecessary, but even harmful; but that if these conditions are not fulfilled, a satisfactory competitive economy cannot be established by a “market police” [*Marktpolizei*] based on direct supervision and discretionary decisions.⁹⁰

The establishment of the conditions necessary for the competitive order to exist is, in Hayek’s and Eucken’s respective views, a *legal* affair. It is here that Popper’s view diverges from theirs. In the concluding chapter of *The Poverty of Historicism* he develops what he calls an “institutional theory of progress”, which he juxtaposes to the account offered by historicist philosophers, which ‘held that progress was an unconditional or absolute trend, which is *reducible to the laws of human nature*’.⁹¹ For Popper, then, progress is *conditional*. Consequently, the politician who wants to stimulate progress has first ‘to attempt to find *conditions of progress*’.⁹² For Popper, progress is dependent primarily upon several ‘social institutions’ that foster the development of scientific discovery and, more broadly, ‘the *free competition of thought*’.⁹³ He concludes that such competition ‘must be institutionally organized if we wish to ensure that it works. And these institutions have to be paid for, and protected by law. Ultimately, progress depends very largely on political factors; on political institutions that safeguard the freedom of thought.’⁹⁴ In Popper’s account, then, the continuation of historical progress is dependent not so much upon the establishment of a legal order that makes

⁹⁰ Ibid., 10.

⁹¹ Popper, *Poverty of Historicism*, 152.

⁹² Ibid., 154.

⁹³ Ibid., 154-155.

⁹⁴ Ibid., 155. See also Popper, *Open Society*, vol. 1, ch. 3, 9. Cf. Shearmur, *Political Thought of Karl Popper*, 57ff.

possible a competitive economy, as it is according to Hayek and Eucken, but must actively be promoted through the establishment and preservation of a network of social institutions that pertain centrally to *intellectual life*.

To summarise: despite various subtle differences, the respective accounts of order offered by the three thinkers presently under discussion all seek to explain how order may be made to emerge; an endeavour that crucially ties into their respective attempts to render the social sciences relevant to problems of policy once more. The answer they give to this query is that order may be made to emerge spontaneously through the active construction and preservation of the conditions under which the historical forces that produce order out of an infinity of discrete, individual acts can operate. They emphatically understand this as an historically novel form of politics; one that can break the false dichotomy between radical non-intervention and targeted intervention by making possible intervention of a different *type*. These would be interventions on the level of constitutive *conditions*, which may mean constitutional reform as well as institutional reform.

A New Mode of Thought

What I have documented in the present section is the emergence of a distinct philosophical mode of thinking about society. The central features of this mode of thought, I contend, correspond to those that mark Mengerian political economy. Consequently, the emergence of the former may be understood as the systematic application of the type of analysis made possible by Menger's writings to the discursive object of socio-economic order. Let me summarise this series of shifts more comprehensively.

Menger's subjective theory of value introduced a new object into political economy, namely the set of conditions under which individuals economise; a gesture that had three crucial implications for economic analysis. First, it made it possible for economic thought to forge an altogether new connection between economic activity and history, disarticulating history from productive labour and viewing it, instead, as that which, over a long period of time, spontaneously constructs social institutions out of individual economic acts. Second, this gesture

made knowledge of relevant economic data central to economic analysis, which must now countenance the subjective beliefs and judgements, whether correct or erroneous, that condition economic activity. Third, it allowed political economy to once again present itself as at once a theoretical and a practical science, analysing the conditions under which certain phenomena emerge and, on the basis of this knowledge, prescribing measures to establish these conditions should the phenomena in question be considered desirable.

The theory of society articulated in different ways by Eucken, Hayek and Popper emerged as the result of the systematic application of these propositions to the problem of societal order at large.⁹⁵ Indeed, the resulting philosophical mode of thinking takes as its 'subject-matter', as Hayek puts it, the conditions under which 'the interaction of different tendencies may produce what we call an order'.⁹⁶ This gesture, too, entails three implications. First, it necessitates a novel conceptualisation of the historicity of economic order, which now comes to be seen not as the product of the gradual unfolding of historical laws or providential order but as an historically conditioned "organism" of sorts,⁹⁷ which, for this reason, is contingent, fragile and singular. Second, it allows for the articulation of the concept of economic order to a theory of knowledge, providing new impetus for the critique of centrally planned economies on the basis of every one person's necessary ignorance of the whole order. Third, it makes possible the formulation of a new political philosophy that centres on creating the necessary preconditions for the spontaneous emergence of complex orders, which involves the reconceptualisation of the concept of intervention.

Although, as I have explained, this mode of thought partially emerged out of a critique of socialist philosophies of history, it was likewise mobilised to criticise the conception of order that underpinned classical liberal thought. In Eucken's

⁹⁵ Hayek has explained, on multiple occasions, that his theory of society is the result of the application of methods and ideas that originated in economics to the domain of society as a whole. See for instance Hayek, *Individualism and Economic Order*, 54; *Law, Legislation and Liberty*, 14; Hayek, F.A., *The Fatal Conceit: The Errors of Socialism*, ed. W.W. Bartley III (London 1988: Routledge), 14-15.

⁹⁶ Hayek, 'Trend of Economic Thinking', 24, 23.

⁹⁷ For use of the metaphor of the organism to describe society or its constituent elements, see Hayek, 'Trend of Economic Thinking', 23; *Individualism and Economic Order*, 22; Eucken, *Foundations*, 320n2; *Grundsätze*, 180, 312. Unlike Hayek and Eucken, Popper condemns the use of the metaphor of the organism to describe society, groups or the state. See, for instance, Popper, *Poverty of Historicism*, ch. 7; *Open Society*, vol. 1, 67ff.

view, for instance, the ‘great and lasting service’ of classical political economy ‘has been its discovery of the interdependence of the whole economic process, and its development of the method of economic theory’.⁹⁸ Yet, he goes on, the classical economists understood the primary objective of political economy to be the study of ‘the universal, God-given, rational, “natural” order and its “natural” laws’.⁹⁹ They thus lacked an understanding of the historical nature of order, which in turn meant that they did not understand the necessity of an active economic politics aimed at shaping the necessary conditions for competitive order. As he writes in a 1948 essay:

The solution to the problem of control was seen by them to be in the “natural” order, in which competitive prices automatically control the whole process. They thought that this natural order would materialise spontaneously and that society did not need to be fed “a specific diet”, that is, have an economic system imposed on it, in order to thrive. Hence they arrived at a policy of *laissez-faire*; this form of economic control left much to be desired. Confidence in the spontaneous emergence of the natural order was too great.¹⁰⁰

The critique, in sum, is that classical economics failed to understand that economic order is *conditioned*.

It is in the critique of classical liberalism that this mode of thought proves itself to be present not merely in the writings of those who wished to rethink liberal philosophy but also in the writings of those of an altogether different political persuasion. Karl Mannheim, for instance, developed a critique of classical liberalism that similarly faulted its proponents for overlooking the fact that both culture at large and individual behaviour are conditioned by existent social institutions, educational practices and cultural traditions. Thus, in his posthumously published *Freedom, Power and Democratic Planning*, he asks: ‘what made the Liberal believe that his society functioned without conscious effort of

⁹⁸ Eucken, *Foundations*, 47.

⁹⁹ *Ibid.*, 48. See also Eucken, *Grundsätze*, 27.

¹⁰⁰ Eucken, ‘What Kind of Economic and Social System?’, 38. Cf. Eucken, *Grundsätze*, 26ff; *This Unsuccessful Age*, 29.

conditioning and co-ordinating behavior?’¹⁰¹ He goes on: ‘liberal theory trusts in self-centered individual adjustments to produce the right order in society automatically. Sociologically speaking, individual and competitive adjustment—only one of many forms of adjustment—is considered the only valid one without regard to its prerequisite conditions.’¹⁰²

For Mannheim, classical liberalism’s failure to recognise that social and cultural order is conditioned prevented it from developing a theory of “planning”, by which Mannheim emphatically does not mean state intervention in economic processes. Rather, planning must, in his view, be understood as ‘the making and remaking of human behavior’ through what he refers to as ‘social and psychological means of conditioning of man’.¹⁰³ He had already argued, in his *Man and Society in an Age of Reconstruction* (originally published in 1935), that ‘[r]eason progresses, and chaotic forces are suppressed only as long as the social structure fulfils certain conditions of harmonious growth’; conditions that, in Mannheim’s account, may be fulfilled by means of planning.¹⁰⁴

What is more, in the same way that Hayek, Popper and Eucken argue that the construction of the conditions necessary for spontaneous growth must rely solely upon knowledge of these conditions because knowledge of complex orders themselves is impossible to possess, Mannheim believes that planning can be successful only if it is based on accurate knowledge of the social order. Indeed, for him, ‘sociological conditions mostly appear in a distorted form, and it requires theoretical knowledge and trained observation to unmask them, and interpret their vicissitudes as a function of the underlying process’.¹⁰⁵ This view bears directly on the very definition of the concept of planning: ‘Planning means a conscious attack on the sources of maladjustment in the social order on the basis of a thorough knowledge of the whole mechanism of society and the way in which it works.’¹⁰⁶

¹⁰¹ Mannheim, Karl, *Freedom, Power and Democratic Planning* (Abingdon 1997 [1951]: Routledge), 174.

¹⁰² *Ibid.*, 176-177.

¹⁰³ *Ibid.*, 176.

¹⁰⁴ Mannheim, Karl, *Man and Society in an Age of Reconstruction*, transl. E. Shils (London 1940 [1935]: Kegan Paul, Trench, Trubner & Co.), 39.

¹⁰⁵ *Ibid.*, 22.

¹⁰⁶ *Ibid.*, 114.

Thus, although both Hayek and Popper frequently cited Mannheim's theory of planning as a paradigmatic example of a totalitarian theory,¹⁰⁷ archaeological analysis reveals that it is based upon the same philosophical architecture as their respective accounts of social order. For Mannheim as for his two liberal rivals, order is conditioned by historical processes that play out in the social domain; and, what is more, both accounts prescribe the active conditioning of these processes based on specialist knowledge, through technologies of planning or through the construction of a legal and institutional framework, as the case may be.

A second example of an anti-liberal text that adopts the mode of thought here under scrutiny is Karl Polanyi's 1944 *The Great Transformation*, a book that offers a damning critique of 19th-century liberal thought and practice. This critique turns on the claim that classical liberalism did not understand that the market is dependent upon certain preconditions. For Polanyi, during the 19th century

[i]t was not realized that the gearing of markets into a self-regulating system of tremendous power was not the result of any inherent tendency of markets toward excrescence, but rather the effect of highly artificial stimulants administered to the body social in order to meet a situation which was created by the no less artificial phenomenon of the machine.¹⁰⁸

In other words, the market is an historical phenomenon, not a natural one. For Polanyi, this implies that, notwithstanding liberals' lip service to the doctrine of *laissez-faire*, economic liberalism is in fact highly compatible with a certain form of interventionism:

For as long as [the market] system is not established, economic liberals must and will unhesitatingly call for the intervention of the state in order to establish it, and once established, in order to maintain it. The economic liberal can, therefore, without any inconsistency call upon the state to use

¹⁰⁷ See, for instance, Hayek, *The Road to Serfdom*, 73, 109; *Decline of Reason*, 150ff, 156-157n2; Popper, *Poverty of Historicism*, part 3; *Open Society*, vol. 2, ch. 23.

¹⁰⁸ Polanyi, Karl, *The Great Transformation: The Political and Economic Origins of Our Time*, 2nd Beacon paperback ed. (Boston, MA 2001 [1944]: Beacon Press), 60.

the force of law; he can even appeal to the violent forces of civil war to set up the preconditions of a self-regulating market.¹⁰⁹

Polanyi's critique thus amounts to the basic charge that classical liberals did not understand that the market order is conditioned and that markets can be either created or destroyed by political means.

In a way similar to Mannheim, Polanyi places his hopes in a politics of planning that is cognisant of the conditional nature of economic order. Such a politics would aim to use '[p]lanning, regulation, and control' to make the distribution of wealth more equitable, but would simultaneously rely on democratic legislation 'to create spheres of arbitrary freedom protected by unbreakable rules'.¹¹⁰

Evidently, the attempt to think societal order anew offered fecund soil for the critique of classical liberalism and *laissez-faire* politics; one that was grounded in a certain philosophy of history and a concomitant understanding of social order. This new type of critique entailed a reconceptualisation of intervention, thus making it possible to break open the debate between classical liberals such as von Mises, who continued opposing any form of intervention under the banner of "*laissez-faire*",¹¹¹ and "modern" liberals such as Keynes, who advocated the replacement of *laissez-faire* with 'a régime which deliberately aims at controlling and directing economic forces in the interest of social justice and social stability'.¹¹² By advocating neither more nor less intervention, but a different *type* of intervention, the different authors discussed here thus made possible two entirely new forms of liberal governmental reasoning: one that prescribes the construction of a legal framework and one that advocates the conditioning of social life through planning.

¹⁰⁹ Ibid., 155-156.

¹¹⁰ Ibid., 265, 264.

¹¹¹ See e.g. von Mises, Ludwig, *Liberalism in the Classical Tradition*, transl. R. Raico (New York 1985 [1927]: Foundation for Economic Education). For a defence of *laissez-faire*, see e.g. von Mises, Ludwig, *Human Action: A Treatise on Economics*, scholar's ed. (Auburn, AL 1998 [1940]: Ludwig von Mises Institute), 725ff.

¹¹² Keynes, John Maynard, 'Am I a Liberal?', in: *Essays in Persuasion* (New York 1953 [1925]: W.W. Norton): 323-338, 335. See also the preceding essay, 'The End of Laissez-Faire'.

Excursus on Finitude

As discussed in the preceding chapter, Foucault argues in *The Order of Things* that the human sciences that came into being with the birth of modernity are grounded in ‘the finitude of human existence’; that is, are concerned primarily with the study of “man” as a mortal, finite, limited being.¹¹³ At the present stage of investigation, one may well ask what happens to the theme of finitude once the human sciences have shifted their gaze from the stratum of the individual, whose finitude is marked by his need to toil, to the stratum of societal order and its historical conditions. Does the epistemological transformation identified in the present chapter involve a break from the modern *episteme* as Foucault characterises it?

The answer to this question is a resounding no. As I have argued, the new mode of thought that emerged in the 1930s and 40s resulted from the systematic application of Mengerian principles not to the individual economic actor, as Menger and his immediate predecessors had done, but to societal order at large. As a result of this gesture, the problem of finitude similarly gets transposed from the individual to society. Henceforth, the positivity of the human sciences is no longer grounded primarily in the life and death of man, but upon *the life and death of society at large*.

Hayek’s *Road to Serfdom*, for instance, is awash with apocalyptic imagery. Indeed, it accuses socialism of, amongst other things, ‘destroying reason because it misconceives the process on which the growth of reason depends’; of the annihilation of ‘the only order under which at least some degree of independence and freedom has been secured to every worker’; and even of ushering in ‘the destruction of our civilization’.¹¹⁴ Hayek is not alone in deploying such imagery; indeed, references to the finitude of society are ubiquitous in the texts here under discussion. Eucken opens his *Grundsätze* by approvingly quoting his friend Leonhard Miksch, who speaks of the need to safeguard ‘our civilization threatened with destruction’;¹¹⁵ Popper believes that the critique of totalitarianism developed in his *Open Society* should be taken notice of by those who ‘wish our civilization to

¹¹³ Foucault, Michel, *The Order of Things: An Archaeology of the Human Sciences*, Routledge Classics ed., transl. unknown (New York 2002 [1966]: Routledge), 285.

¹¹⁴ Hayek, *Road to Serfdom*, 180, 208, 211.

¹¹⁵ Eucken, *Grundsätze*, 11.

survive’;¹¹⁶ Mannheim’s *Man and Society* is primarily concerned with averting ‘world destruction’;¹¹⁷ and Polanyi fears that the ‘self-adjusting market’ cannot ‘exist for any length of time without annihilating the human and natural substance of society’.¹¹⁸

The study of societal order is thus made both possible and urgent by the perceived finitude of society and its culture in the same way that, for political economists from Ricardo and Marx to Menger and von Mises, man’s economic activity obtained its importance on the basis of human finitude. Though its focus is displaced, the problems that arise from finitude thus remain the bedrock of modern knowledge even after the human sciences have shifted their focus from the life of man to the life of society.

The Birth of Neoliberalism

By the end of the 1940s, Mengerian political economy had given rise to not one but two discursive practices: the systematic analysis of individual economic behaviour as, in Lionel Robbins’s words, ‘a relationship between ends and scarce means which have alternative uses’;¹¹⁹ and the study of, as Hayek puts it, ‘social forces and the conditions most favorable to their working in a desirable manner’.¹²⁰ The former went on to exert considerable influence on various economic subdisciplines, including human capital theory; the latter soon became the anvil upon which Hayek and his fellow travellers were to forge the neoliberal programme. This latter event can be dated precisely, for it was the founding of the Mont Pèlerin Society (MPS) in 1947 that marks the birth of neoliberalism as a coherent political and theoretical project.

As already noted in the introduction to this dissertation, the founding of the MPS is an event that has been studied with much scholarly rigour.¹²¹ For this

¹¹⁶ Popper, *Open Society*, vol. 1, x.

¹¹⁷ Mannheim, *Man and Society*, 13.

¹¹⁸ Polanyi, *Great Transformation*, 3.

¹¹⁹ Robbins, Lionel, *An Essay on the Nature and Significance of Economic Science*, 3rd ed. (London 1984 [1932]: Macmillan Press), 15.

¹²⁰ Hayek, *Road to Serfdom*, 71.

¹²¹ See especially Audier, Serge, *Néo-libéralisme(s): Une archéologie intellectuelle* (Paris 2012: Grasset); Dardot, Pierre & Christian Laval, *The New Way of the World: On Neoliberal*

reason, I do not seek to contextualise or recount this event; rather, I aim to demonstrate that the MPS was firmly grounded in the philosophical mode of thinking set out in the previous section. To that end I scrutinise the Society's stated aims as they were formulated during the founding conference, held in April 1947 in the Swiss resort of Mont Pèlerin.

The Epistemological Foundations of the Mont Pèlerin Society

On April 1st 1947, Hayek, who was responsible for convening the first-ever MPS conference, addressed his fellow Society members on two separate occasions. During the morning session, he delivered the opening address; in the afternoon he presented a paper entitled "'Free' Enterprise and Competitive Order".¹²² In both of these addresses, Hayek's central concern was to set out the Society's *raison d'être*.

Indeed, in his opening address Hayek explained why he thought it necessary to convene this conference.

The basic conviction which has guided me in my efforts is that, if the ideals which I believe unite us, and for which, in spite of so much abuse of the term, there is still no better name than liberal, are to have any chance of revival, a great intellectual task must be performed. This task involves both purging traditional liberal theory of certain accidental accretions which have become attached to it in the course of time, and also facing up to some real problems which an over-simplified liberalism has shirked or which

Society, transl. G. Elliott (London 2013 [2009]: Verso); Hartwell, R.M., *A History of the Mont Pèlerin Society* (Indianapolis, IN 1995: Liberty Fund); Mirowski, Philip & Dieter Plehwe (eds.), *The Road from Mont Pèlerin: The Making of the Neoliberal Thought Collective* (Cambridge, MA 2009: Harvard University Press); Mirowski, Philip, *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown* (London 2013: Verso); Peck, Jamie, *Constructions of Neoliberal Reason* (Oxford 2010: Oxford University Press); Plehwe, Dieter, Bernhard Walpen & Gisela Neunhöffer (eds.), *Neoliberal Hegemony: A Global Critique* (London 2006: Routledge); Stedman Jones, *Masters of the Universe*; Walpen, Bernhard, *Die offenen Feinde und ihre Gesellschaft: Eine hegemonietheoretische Studie zur Mont Pèlerin Society* (Hamburg 2004: VSA-Verlag).

¹²² The first of these has since been printed as chapter 10 of Hayek, F.A., *Studies in Philosophy, Politics and Economics* (London 1967: Routledge) and as chapter 12 of Hayek, F.A., *The Fortunes of Liberalism: Essays on Austrian Economics and the Ideal of Freedom*, ed. P.G. Klein (London 1992: Routledge). The second has been printed as chapter 6 of Hayek, *Individualism and Economic Order*.

have become apparent only since it had turned into a somewhat stationary and rigid creed.¹²³

For Hayek, the revival of liberalism, then, is first and foremost an “intellectual” endeavour; a view that stems from the belief, discussed above, that the political crisis of his age had been caused primarily by the spread of false doctrines and the simultaneous decline of true ones. Accordingly, the primary objective of the MPS is philosophical in nature; an objective reflected in Hayek’s use, in his circulars, of ‘the somewhat highflown expression of an “International Academy for Political Philosophy”’ to describe the Society’s primary ‘purpose’.¹²⁴

More specifically, the endeavour to develop ‘a clearer conception of the conditions and value of a free society’ must, in Hayek’s view, begin with a discussion of ‘the relation between what is called “Free Enterprise” and a really competitive order’.¹²⁵ This

seems to me to be much the biggest and in some ways the most important problem and I hope that a considerable part of our discussion will be devoted to its exploration. It is the field where it is most important that we should become clear in our own minds, and arrive at an agreement about the kind of programme of economic policy which we should wish to see generally accepted. [...] Its ramifications are practically endless, since an adequate treatment involves a complete programme of a liberal economic policy.¹²⁶

For Hayek, the primary intellectual obstacle to the treatment of this problem is the prevalent ‘interpretation and teaching of history’; an interpretation that believes in the existence of ‘great laws of necessary historical development’ and that places ‘emphasis on material necessity as against the power of ideas to shape our future’.¹²⁷

¹²³ Hayek, *Studies*, 149.

¹²⁴ *Ibid.*, 158.

¹²⁵ *Ibid.*, 150, 153.

¹²⁶ *Ibid.*, 153.

¹²⁷ *Ibid.*, 154.

This, in short, is the purpose of the MPS according to its founder: the articulation of a political philosophy that offers at once a coherent and persuasive theoretical understanding of ‘the problems of the principles of economic order’ and a political programme to realise such an order’s establishment.¹²⁸ The proponents of such a philosophy must first and foremost do battle with a particular conception of history; one that thwarts any attempt to articulate a correct understanding of the historical nature of order. Plainly, then, the Society as Hayek understood it was grounded in the mode of thought I have identified and shares each of the latter’s essential features.

In his afternoon paper, Hayek explored the political programme he had in mind in more detail. He opened his paper by once again emphasising that what was needed for the revival of liberalism was ‘a real program’ or ‘a consistent philosophy’ capable of informing political practice.¹²⁹ Such a programme would, in essence, be ‘a policy which deliberately adopts competition, the market, and prices as its ordering principle and uses the legal framework enforced by the state in order to make competition as effective and beneficial as possible’.¹³⁰ Hayek then went on to discuss in some more detail the ‘preconditions of a competitive order’ that must be established by ‘a policy for a competitive order’.¹³¹ These preconditions are, in his view, mostly of a legal nature and include, most urgently,

the law of property and contract, of corporations and associations, including, in particular, trade-unions, the problems of how to deal with those monopolies or quasi-monopolistic positions which would remain in an otherwise sensibly drawn-up framework, the problems of taxation, and the problems of international trade, particularly, in our time, of the relations between free and planned economies.¹³²

For Hayek, in short, the problem of establishing a competitive order turns on the adoption of a certain ‘permanent legal framework’; an enterprise that,

¹²⁸ *Ibid.*

¹²⁹ Hayek, *Individualism and Economic Order*, 107.

¹³⁰ *Ibid.*, 110.

¹³¹ *Ibid.*, 112.

¹³² *Ibid.*, 113.

regardless of whether it involves ‘judge-made law’ or ‘legislation’, is, in his view, ‘determined by the dominant ideas of what would be a desirable social order’.¹³³ This brings Hayek back to the claim that the MPS’s primary ‘effort’ is of an ‘intellectual’ nature, since it aims to influence public opinion so that judges and legislators of future generations may finally complete the noble campaign of giving life to a truly competitive order.¹³⁴

These views were not Hayek’s alone. Indeed, they were shared by the Society’s other founding members—a group that included, *inter alia*, Eucken, von Mises, Popper and Robbins as well as Milton Friedman, Michael Polanyi (brother of Karl Polanyi), William Rappard, Wilhelm Röpke and George Stigler.¹³⁵ Indeed, when, a week into the conference, the group had compiled a first draft of the Society’s statement of aims, the resulting document was clearly marked by these views. One particularly revealing passage reads as follows:

The preservation of an effective competitive order depends upon a proper legal and institutional framework. The existing frameworks must be considerably modified to make the operation of competition more efficient and beneficial. The precise character of the legal and institutional framework within which competition will work most effectively and which will supplement the working of competition is an urgent problem on which continued exchange of views is required.¹³⁶

The first draft of the Society’s statement of aims was considered by some members to be too long to be effective. The conference assigned Robbins the task of condensing it; the resulting statement of aims was unanimously accepted and has not been adapted since.¹³⁷ In it, the MPS committed itself to the study of ‘the essential conditions of human dignity and freedom’; to the ‘redefinition of the

¹³³ *Ibid.*, 115.

¹³⁴ *Ibid.*, 116.

¹³⁵ For a full list of participants, see Hayek, *Studies*, 148n. For a list of people who had agreed to become members but who were prevented from attending the founding meeting, see 152n1.

¹³⁶ ‘Discussion of Draft Statement of Aims’ (box 1, conference 1, Mont Pèlerin 1947, folder 1/1), 194. This document was consulted in the Liberaal Archief, Ghent (Belgium).

¹³⁷ See *ibid.*

functions of the state'; to the development of '[m]ethods of re-establishing the rule of law'; to 'combating the misuse of history for the furtherance of creeds hostile to liberty'; and to 'the creation of an international order conducive to the safeguarding of peace and liberty and permitting the establishment of harmonious international economic relations'.¹³⁸

To summarise: the MPS, which, as critics and partisans alike are agreed,¹³⁹ functioned as the driving force behind the global neoliberal revolution of the 1970s and 80s, is grounded in a singular philosophical understanding of societal order that first emerged in the 1930s and 1940s. This understanding thus functions as the historical *a priori* of neoliberal thought, granting it its positivity, its privileged object and its urgency.

Conclusion

In this chapter, I have developed an archaeological analysis of a series of epistemological transformations undergone by political economy in the wake of Menger's thought. I have paid particular attention to the philosophy of society that resulted from the application of Mengerian principles to the object of societal order. This philosophy sees order as an historically conditioned phenomenon and contends that order may be made to emerge spontaneously if the necessary conditions of spontaneous growth are created and preserved.

Although, in tracing the contours of this philosophical mode of thought, I have privileged the writings of Eucken, Hayek and Popper, the point of this chapter has not been to impose upon their writings a unanimity that, in truth, they do not possess. Indeed, there exist manifold conceptual, methodological and political disagreements between these men, some of which are significant enough to warrant the view that their respective theoretical systems are, in the final analysis, at points irreconcilable. The point, rather, has been to study their writings archaeologically in order to detect, underneath their surface-level dissimilarities, a

¹³⁸ Mont Pèlerin Society, 'Statement of Aims', accessible online at: <https://www.montpelerin.org/statement-of-aims/> (accessed 10-09-2017).

¹³⁹ For a critical perspective see, e.g., Mirowski & Plehwe (eds.), *The Road From Mont Pèlerin*; Mirowski, *Never Let a Serious Crisis Go to Waste*; Peck, *Constructions of Neoliberal Reason*. For a partisan view, see Hartwell, *A History of the Mont Pèlerin Society*.

range of discursive patterns and regularities that tie their philosophies together on an archaeological level.

This has also allowed me to demonstrate that the mode of thought that underpins neoliberalism was by no means exclusive to Hayek, Eucken, Popper and their fellow MPS members, being similarly present in the works of many of their adversaries. What marks neoliberalism in its specificity, however, is that it advocates the construction of a *competitive* order—rather than, for instance, a planned order, as Mannheim and Polanyi would have preferred—, which it views as the only order capable of safeguarding individual liberty and promoting civilisation progress. What is more, neoliberals fuse their conception of societal order to a *legal* theory, arguing that the construction of a competitive order must proceed via the establishment of a legal framework. As a result, neoliberalism displaces the problem of political intervention; turning it away from socio-economic modes of intervention (which are still given pride of place by thinkers as varied as Mannheim, Polanyi, Keynes and von Mises) to a legal-juridical problematic.

This last point inevitably raises the question of legislative control: who may be trusted to author the legal framework that, in the eyes of neoliberals, can and must accommodate processes of spontaneous growth? The following chapter engages with Hayek's political thought in order to demonstrate that, in his view, the people must actively be restricted from taking control of the legislature.

CHAPTER 6: NEOLIBERALISM AND DEMOCRACY

Introduction

In this dissertation, I have sought to develop an understanding of the political, philosophical and cultural status of democracy in the present moment. In pursuing this objective, I have traced the history and prehistory of neoliberalism, drawing upon the work of Michel Foucault both for a substantive historical account of neoliberal governmentality (chapter 1) and for a rich methodological framework with which certain lacunae in the former may be addressed (chapter 3). On the basis of an archaeological analysis of the emergence of neoliberalism, I have contended that neoliberalism is grounded in an historically specific mode of thought; one that is premised upon the twin beliefs that, first, societal order is historically conditioned and that, second, a form of political intervention aimed at creating the necessary preconditions for the spontaneous emergence of order is both possible and necessary. I have shown, in chapter 4, that this mode of thought has its roots in a series of epistemological mutations occasioned by the “marginal utility revolution” and, in chapter 5, that the philosophers who, during the 1930s and 40s, laid the groundwork for neoliberalism did so by articulating a political philosophy that advocates the establishment of a legal framework that renders possible the spontaneous emergence of a competitive order.

In the present chapter, I conclude my analysis by bringing the historical account developed thus far to bear upon the problem of democracy. Specifically, I inquiry into the democratic theory developed predominantly over the course of the 1960s and 70s by F.A. Hayek in order to show that, when pushed to its limits, neoliberal political philosophy must give way to a form of constitutionalism that explicitly seeks to eliminate popular sovereignty. This, I show, does not entail a principled rejection of democracy. Rather, it comprises a far-reaching restriction of the democratic mechanism, such that democratic citizens may exert an influence on the governmental apparatus but are simultaneously prevented from changing the overarching legal framework.

In the first section of this chapter, I situate Hayek’s thought in relation to the broader neoliberal tradition. To this end, I reflect upon his central position in the

Mont Pèlerin Society before arguing that his democratic theory can be seen as the paradigm of neoliberal thought on democracy. In the second section, I sketch the general outlines of Hayek's overarching philosophical project, demonstrating that, in the 1960s and 70s, the various themes and strategies that run throughout his oeuvre coalesce around the problem of democratic politics. In the third section, I engage with Hayek's democratic theory arguing that his understanding of individual liberty commits him to a principled defence of democratic government, but that he simultaneously considers actually existing democratic constitutions to be insufficiently limited. I go on to discuss in detail his proposed "model constitution", on the basis of which I contend that the primary aim of Hayek's democratic theory is to banish (popular) sovereignty from political thought. I conclude by reflecting in more general terms upon the anti-democratic nature of neoliberal thought.

Hayek and Neoliberalism

There are good reasons to view Hayek's work as the paradigm of all neoliberal thought. Intellectually, Hayek was one of the most crucial philosophical standard-bearers of neoliberal thought, articulating, as explained in the preceding chapter, a coherent and comprehensive social philosophy that provided the foundation upon which the neoliberal edifice was subsequently erected. 'Hayek is', as Ernesto Laclau and Chantal Mouffe put it, 'without doubt, the one who has devoted himself most strenuously to reformulating the principles of liberalism'.¹ Organisationally, Hayek's role as the founder and, for the first decade and a half of its existence, president of the Mont Pèlerin Society (MPS) indicates how, after the publication of *The Road to Serfdom* in 1944 had made him famous, he 'assumed leadership of the [neoliberal] movement', as Pierre Dardot and Christian Laval put it.² Biographically, the trajectory of Hayek's life and career largely runs parallel to the development of neoliberalism. Thus, for Foucault, Hayek's 'career and trajectory

¹ Laclau, Ernesto & Chantal Mouffe, *Hegemony and Socialist Strategy: Towards a Radical Democratic Politics*, 2nd ed. (London 2001 [1985]: Verso), 172.

² Dardot, Pierre & Christian Laval, *The New Way of the World: On Neoliberal Society*, transl. G. Elliott (London 2013 [2009]: Verso), 73.

was ultimately very important for the definition of contemporary neo-liberalism'. He goes on:

He came from Austria and from neo-liberalism; he emigrated at the time of, or just before, the Anschluss. He went to England and also to the United States. He was very clearly one of the inspirations of contemporary American liberalism, or of American anarcho-capitalism if you like, and he returned to Germany in 1962 where he was appointed professor at Freiburg, thus closing the circle.³

It is, without doubt, for all of these reasons that Hayek's work continues to elicit vast amounts of commentary, from admirers and critics alike.⁴ While I subscribe to the general view that Hayek's work is unparalleled in its importance for the philosophical and institutional development of neoliberalism, in the present section I wish to reflect in some more detail on the specific relationship between his democratic thought and neoliberal thought on democracy more generally.

Neoliberal Theories of Democracy

In a recent publication, I have engaged in depth with neoliberal theories of democracy, drawing upon archival material to map and analyse the various

³ Foucault, Michel, *The Birth of Biopolitics: Lectures at the Collège de France, 1978-79*, ed. M. Senellart, transl. G. Burchell (Basingstoke 2008 [2004]: Palgrave Macmillan), 104.

⁴ For introductions to Hayek's thought that range from neutral to overtly partisan, see, for instance, Barry, Norman P., *Hayek's Social and Economic Philosophy* (London 1979: Macmillan); Butler, Eamonn, *Hayek: His Contribution to the Political and Economic Thought of Our Time* (London 1983: Temple Smith); Butler, Eamonn, *Friedrich Hayek: The Ideas and Influence of the Libertarian Economist* (Petersfield 2012: Harriman House); Caldwell, Bruce, *Hayek's Challenge: An Intellectual Biography of F.A. Hayek* (Chicago, IL 2004: The University of Chicago Press); Fleetwood, Steve, *Hayek's Political Economy: The Socio-Economics of Order* (London 1995: Routledge); Gray, John, *Hayek on Liberty*, 3rd ed (London 1998 [1984]: Routledge); Hoy, Calvin M., *A Philosophy of Individual Freedom: The Political Thought of F.A. Hayek* (Westport, CT 1984: Greenwood Press); Kukathas, Chandran, *Hayek and Modern Liberalism* (Oxford 1989: Clarendon Press); Shearmur, Jeremy, *Hayek and After: Hayekian Liberalism as a Research Programme* (London 1996: Routledge); Tebble, A.J., *F.A. Hayek* (New York 2010: Continuum). For more critical studies of Hayek's thought, which are unfortunately in short supply, see, for instance, Gamble, Andrew, *Hayek: The Iron Cage of Liberty* (Cambridge 1996: Polity Press); Kley, Roland, *Hayek's Social and Political Thought* (Oxford 1994: Clarendon Press).

positions on democracy articulated by MPS members at the Society's biannual conferences between 1947 and 1998. On the basis of this analysis, I argue that 'the views expressed by MPS members on the topic of democracy were remarkably homogeneous, remaining stable over time and being shared by most members despite their prevailing political and methodological differences'.⁵

More precisely, my analysis centres on MPS members' normative claims concerning the merits and dangers inherent to democracy. Thus, I demonstrate that MPS members overwhelmingly believed that the principle of individual liberty requires that all citizens have democratic rights; that, as one member put it in a paper presented in 1961, '[t]he fully liberal society of tomorrow can only be a fully democratic society'.⁶ Nevertheless, MPS neoliberals were also generally in agreement that democratic politics is potentially perilous because the historical record shows that democratic governments display an inherent tendency towards increased intervention in the market, which, in their view, threatens economic freedom even as it undermines the constitutional limits imposed upon government. In other words, 'if unchecked by constitutional restrictions', democracy, in the eyes of Society members, 'undermines the market mechanism or [...] endangers the separation of powers'.⁷ As a result, Society members 'were caught between the need to defend democracy as a principle and the need to alleviate the risks it entails'.⁸ Democracy, differently put, posed a problem of great political and philosophical urgency to the MPS.

As my analysis reveals, MPS members forwarded a wide variety of solutions to the problem of democracy, ranging from explicit proposals to restrict the franchise to the improvement of popular education on the merits of the market economy. The most frequently proposed solution, however, was 'the imposition of constitutional limits on popular power'.⁹ This proposal, made by many MPS members at a variety of Society conferences, commonly rested upon the view that a democratically elected government should not be able to exert any influence over

⁵ Cornelissen, Lars, "'How Can the People Be Restricted?': The Mont Pèlerin Society and the Problem of Democracy, 1947-1998', *History of European Ideas* 43 (2017) 5: 507-524, 508.

⁶ G. Malagodi, as cited in *ibid.*, 512.

⁷ *Ibid.*, 513.

⁸ *Ibid.*, 508.

⁹ *Ibid.*, 522.

matters of economic policy lest they misuse this influence, thus thwarting competitive processes and undermining economic freedom. My central claim, then, is that, in response to what they perceived as a range of problems inherent to democracy, the great majority of MPS members sought 'radically to restrict the people's influence on the legislature'.¹⁰

One conclusion I reach that is crucial for my present purposes is that, out of all the MPS members who presented papers on democracy, Hayek was without doubt the most authoritative theorist of democracy. Thus, as my analysis shows, Hayek

was widely considered by his own peers to be the Society's most accomplished democratic theorist. This is evidenced, for instance, by the fact that Hayek's works were by far the most frequent points of reference for MPS papers dealing with democracy [...]. What is more, the majority of the ideas, arguments, and analyses mapped and discussed in the present article can be found throughout Hayek's oeuvre [...].¹¹

Finally, on the basis of a comparative analysis of the contents of individual papers, I conclude that Hayek's proposal to establish constitutional limits to democratic mechanisms, as elaborated chiefly in a paper he presented in 1967, is 'the most radical and far-reaching proposal to have been proffered at any of the Society's conferences between 1947 and 1998'.¹²

In summation: Hayek's democratic theory constitutes, without doubt, the privileged object of analysis for a critical account of the place occupied by democracy in neoliberal thought. This is not to say that every other neoliberal theorist is in exact agreement with Hayek or that his is the only democratic theory that may be formulated on the basis of neoliberal principles.¹³ Rather, the point is that Hayek's model constitution offers an account of democracy that epitomises neoliberal political philosophy, pushing its basic principles to their limit.

¹⁰ Ibid., 521.

¹¹ Ibid., 522.

¹² Ibid., 521.

¹³ See, for instance, the typology of neoliberal theories of democracy developed by Thomas Biebricher in his essay 'Neoliberalism and Democracy', *Constellations* 22 (2015) 2: 255-266.

In the remainder of this chapter, I offer, first, an overview of the basic parameters of Hayek's overarching political-philosophical project and, second, a detailed engagement with his proposal for a model constitution.

Hayek's Philosophical and Political Project

In order fully to grasp the role fulfilled by democracy in Hayek's political thought, it is necessary first to assess the general terms of his philosophical project. In the present section, I trace the main stakes of his thought, contending that each of its various facets is part of an overarching, comprehensive political-philosophical enterprise. I commence by discussing the "Manichean assumption"—to borrow Roland Kley's phrase—that runs through all of Hayek's thought, after which I focus on several specific aspects of his philosophical doctrine. I conclude this section by reflecting upon Hayek's attempt to restate liberalism.

Hayek's "Manichean Assumption"

Hayek's vast oeuvre—which spans the greater part of the 20th century—brings together diverse strands of Western thought and in turn gives rise to a plethora of lines of thought, frustrating any attempt at capturing his thought with a single encompassing label. Notwithstanding its internal diversity, however, all of Hayek's work contributes to a single, coherent research programme, as most commentators agree.¹⁴ This project, in turn, is underpinned by what Kley has called 'Hayek's Manichean assumption': 'the dichotomist distinction between individualist and collectivist social philosophies' that is at the heart of all of

¹⁴ Jack Birner, for instance, writes that 'Hayek sailed a stable intellectual course throughout his life'. ('Introduction: Hayek's Grand Research Programme', in: Birner, Jack & Rudy van Zijp (eds.), *Hayek, Co-ordination and Evolution: His Legacy in Philosophy, Politics, Economics and the History of Ideas* (London 1994: Routledge): 1-21, 2.) In a contribution to the same volume, Norman P. Barry writes that Hayek's intellectual endeavours 'are united by their concentration on one big idea: the explanation of that spontaneous order of events called, misleadingly, "society"' ('The Road to Freedom': 141-163, 142). Hayek's oeuvre is likewise considered theoretically consistent by Barry, *Hayek's Social and Economic Philosophy*; Gamble, *Hayek*; Gray, *Hayek on Liberty*; Griffiths, Simon, *Engaging Enemies: Hayek and the Left* (London 2014: Rowman & Littlefield); Tebble, *F.A. Hayek*. For a contending view, see Shearmur, *Hayek and After*.

Hayek's work from the 1940s onwards.¹⁵ For Kley, then, Hayek's lifework was to do battle with collectivist social philosophies; an endeavour that gives his thought its internal coherence and its political urgency.

While the terms that Hayek uses to describe it shift, his work is replete with this Manichean opposition. It first comes to the fore in various pieces that he authored during the Second World War, including the essay entitled 'Scientism and the Study of Society' and the 1944 book *The Road to Serfdom*, where it is described as a distinction between collectivism and individualism.¹⁶ It is theorised more fully in a 1945 lecture called 'Individualism: True and False', where Hayek distinguishes between two philosophies of individualism that, despite the fact that both claim to be heirs of the Enlightenment, are, in Hayek's view, separated by an enormous divide.

On one side of this divide stands 'true individualism'; a philosophical tradition that encompasses, amongst others, David Hume, Adam Smith, Edmund Burke, Bernard Mandeville, Lord Acton, Alexis de Tocqueville, Carl Menger and, more recently, Karl Popper and that, for Hayek, is 'primarily a *theory* of society, an attempt to understand the forces which determine the social life of man'.¹⁷ "True individualism" is, at heart, an 'antirationalistic approach, which regards man not as a highly rational and intelligent but as a very irrational and fallible being, whose individual errors are corrected only in the course of a social process, and which aims at making the best of a very imperfect material'.¹⁸ On the opposite side of the divide stands a 'rationalistic pseudo-individualism which also leads to collectivism'.¹⁹ In Hayek's account, this latter version of individualism can be traced back to Cartesian rationalism and was subsequently developed into a coherent social philosophy by the French *Encyclopédistes*, reaching its zenith in the hands of Jean-Jacques Rousseau. It is 'a view which assumes that Reason, with a capital *R*, is always fully and equally available to all humans and that everything

¹⁵ Kley, *Hayek's Social and Political Thought*, 4. Cf. Hoy, *A Philosophy of Individual Freedom*, 5-7.

¹⁶ Hayek, F.A., *Studies on the Abuse and Decline of Reason*, ed. B. Caldwell (Chicago, IL 2010: University of Chicago Press), ch. 6; Hayek, F.A., *The Road to Serfdom*, definitive ed., ed. B. Caldwell (Chicago, IL 2007 [1944]: The University of Chicago Press), ch. 3.

¹⁷ See Hayek, F.A., *Individualism and Economic Order* (Chicago, IL 1948: The University of Chicago Press), 6.

¹⁸ *Ibid.*, 8-9.

¹⁹ *Ibid.*, 6.

which man achieves is the direct result of, and therefore subject to, the control of individual reason'.²⁰

This, then, is the binary opposition that would go on to inform all of Hayek's work: on the one hand, there exists an individualist philosophy, formulated largely by British philosophers,²¹ that understands human beings as flawed, irrational creatures who are part of a social process that in an unfathomably complex way combines their imperfections into what Hayek will go on to call a "spontaneous order" (the meaning of which I shall discuss below); on the other, there exists a hubristic philosophy, found mostly amongst French thinkers, that seeks to place human rationality on the throne of sovereignty, imagining that society is a product of deliberate design. In his characteristically sweeping manner, Hayek writes that '[t]his contrast between the true, antirationalistic and the false, rationalistic individualism permeates all social thought'.²²

As a result of this Manichean assumption, Hayek's social and political philosophy is always at once an attempt to revive the "true" social philosophy—which, from the 1960s onwards, Hayek mostly refers to as "liberalism"—and an attempt to disprove the "false" social philosophy that is its antinomy. These two vectors cannot be separated out: 'If there really exist only two major doctrines', Kley observes, 'the justification of liberalism consists in its defence against socialism. Liberalism will be established as the public philosophy that is to guide

²⁰ Ibid., 8.

²¹ Hayek frequently insists upon the British (or even English) origins of individualism and the French origins of collectivism. See, for instance, Hayek, F.A., *The Constitution of Liberty*, definitive ed., ed. R. Hamowy (Chicago, IL 2011 [1960]: University of Chicago Press), 108: 'Th[e] development of a theory of liberty took place mainly in the eighteenth century. It began in two countries, England and France. The first of these knew liberty; the second did not. [...] As a result, we have had to the present day two different traditions in the theory of liberty: one empirical and unsystematic, the other speculative and rationalistic—the first based on an interpretation of traditions and institutions which had spontaneously grown up and were but imperfectly understood, the second aiming at the construction of a utopia, which has often been tried but never successfully. Nevertheless, it has been the rationalist, plausible, and apparently logical argument of the French tradition, with its flattering assumptions about the unlimited powers of human reason, that has progressively gained influence, while the less articulate and less explicit tradition of English freedom has been on the decline.' See also Hayek, *Road to Serfdom*, chs. 1-2; *Individualism and Economic Order*, 12n15; Hayek, F.A., *The Fatal Conceit: The Errors of Socialism*, ed. W.W. Bartley III (London 1988: Routledge), ch. 4.

²² Ibid., 11.

political practice if it can be shown to be superior to its rival.²³ This is why each distinct element of Hayek's thought, whether it is a sweeping critique of all varieties of socialism,²⁴ a more precise criticism of "historicism",²⁵ or a comparatively temperate essay discussing the importance of Menger's work,²⁶ has a role to play in Hayek's crusade against collectivist philosophies.

Hayek's philosophical project is, in sum, tied together by his Manichean outlook on thought and politics; an outlook that, moreover, steeps his writings in a sense of great urgency. 'The dispute between the market order and socialism', he writes in his last book, *The Fatal Conceit*, 'is no less than a matter of survival. To follow socialist morality would destroy much of present humankind and impoverish much of the rest.'²⁷

Knowledge, Order, Politics

Driven by the belief that only the restatement of the liberal creed could prevent Western civilisation from succumbing to the threat to collectivist philosophy, Hayek set out, from the late 1930s onwards, to build a formidable philosophical edifice. Here I offer a sketch of the main outlines of this edifice, discussing in turn Hayek's views on epistemology, his understanding of the nature of science, his conception of order and his political philosophy.

Epistemology. If, as argued above, Hayek's entire philosophical project is driven by a Manichean outlook, the basic *theoretical* claim that underpins all of his thought is an epistemological one. This claim, which he first developed in the 1920s in relation to the problem of the human mind, is that some orders encountered in the world are so complex that no single mind can fully understand how they function. Indeed, as has been observed by several commentators, Hayek started his academic career in psychology and developed a subjectivist

²³ Kley, *Hayek's Social and Political Thought*, 4.

²⁴ See, e.g., Hayek, *Road to Serfdom; Fatal Conceit*.

²⁵ See, e.g., Hayek, *Decline of Reason*, ch. 7; *Fatal Conceit*, 26.

²⁶ See, e.g., Hayek, F.A., 'Carl Menger', *Economica* 1 (1934) 4: 393-420; Hayek, F.A., *New Studies in Philosophy, Politics, Economics and the History of Ideas* (London 1978: Routledge), ch. 17.

²⁷ Hayek, *Fatal Conceit*, 7.

epistemology before moving on to studying socio-economic problems.²⁸ As a student of psychology, he formulated a theory of mind that, although it was based on work undertaken in the 1920s, would not be published until it was laid out in his 1952 *The Sensory Order*. In this book, Hayek puts forward the thesis that the human mind is the result of an unfathomable amount of evolutionary adaptations to its external environment and is, as a result, so complex that 'it can never fully explain its own operations'.²⁹ In this account, while the general *principles* according to which the mind adapts to its environment can be known, the individual mind cannot know how it became what it is because that would require knowledge of all individual data that went into its evolutionary process.

The particularities of Hayek's epistemology need not be considered here.³⁰ The important point is that the conclusions he draws in his early work on epistemology serve as a model for his later work on complex orders. It is, in other words, the theme of the limits to reason, which in *The Sensory Order* comes to the fore as the mind's incapacity to understand itself, that goes on fundamentally to structure Hayek's thought. Indeed, it is, as I argued in the previous chapter, in the presupposition that there are limits to human reason that Hayek grounds his theory of competition, asserting that economics fundamentally pivots on the 'problem of the *division of knowledge* which is quite analogous to, and at least as important as, the problem of the division of labor'.³¹ The market, in this view, is first and foremost 'an information processor more powerful than any human brain', as Philip Mirowski puts it;³² a conception premised upon the assumption that individual economic agents '*cannot* know more than a tiny part of the whole of

²⁸ See, e.g., Birner, 'Introduction'; Tebble, *F.A. Hayek*, ch. 1; de Vries, Robert P., 'The Place of Hayek's Theory of Mind and Perception in the History of Philosophy and Psychology', in: Birner & van Zijp (eds.), *Hayek, Co-ordination and Evolution*: 311-322.

²⁹ Hayek, F.A., *The Sensory Order: An Inquiry into the Foundations of Theoretical Psychology* (Chicago, IL 1952: University of Chicago Press), 185.

³⁰ On this topic, see esp. Barry, *Hayek's Social and Economic Philosophy*, chs. 1-2; Tebble, *F.A. Hayek*, ch. 2; de Vries, 'Hayek's Theory of Mind and Perception'.

³¹ Hayek, *Individualism and Economic Order*, 50.

³² Mirowski, Philip, 'Postface: Defining Neoliberalism', in: Mirowski, Philip & Dieter Plehwe (eds.), *The Road From Mont Pèlerin: The Making of the Neoliberal Thought Collective* (Cambridge, MA 2009: Harvard University Press): 417-455, 435. Emphasis omitted. Cf. Cassidy, John, *How Markets Fail: The Logic of Economic Calamities* (London 2009: Allen Lane), ch. 3.

society'.³³ Indeed, 'the aim of the market order', as Hayek formulates it pithily, 'is to cope with the inevitable ignorance of everybody of most of the particular facts which determine this order'.³⁴

In 'Individualism: True and False', Hayek even goes so far as to draw the boundary between "true individualism" and its collectivist counterpart on the basis of their respective understandings of the limits of the human mind, contending that

the former is a product of an acute consciousness of the limitations of the individual mind which induces an attitude of humility toward the impersonal and anonymous social processes by which individuals help to create things greater than they know, while the latter is the product of an exaggerated belief in the powers of individual reason and of a consequent contempt for anything which has not been consciously designed by it or is not fully intelligible to it.³⁵

It is precisely with this distinction in mind that, later in his life, Hayek began to adopt the term 'critical rationalism' as an epithet for the liberal theory of society; "critical", that is, in the Kantian sense of the term, designating an awareness 'not only of the powers but also of the limits of reason'.³⁶

The role of science. For Hayek, the dispute between liberalism and collectivism is less a dispute about values than it is a scientific endeavour.³⁷ Indeed, for him,

the conflict between, on one hand, advocates of the spontaneous extended human order created by a competitive market, and on the other hand those who demand a deliberate arrangement of human interaction by central authority based on collective command over available resources is due to a

³³ Hayek, *Individualism and Economic Order*, 14.

³⁴ Hayek, F.A., *Knowledge, Evolution, and Society* (London 1983: Adam Smith Institute), 19.

³⁵ *Ibid.*, 8. See also Hayek, *Decline of Reason*, ch. 9.

³⁶ Hayek, F.A., *Law, Legislation and Liberty: A New Statement of the Liberal Principles of Justice and Political Economy*, Routledge Classics ed. (London 2013 [1973, 1976, 1979]: Routledge), 196.

³⁷ Cf. Barry, *Hayek's Social and Economic Philosophy*, 1-2; Notturmo, Mark A., *Hayek and Popper: On Rationality, Economism and Democracy* (London 2015: Routledge), 38-48.

factual error by the latter about how knowledge of these resources is and can be generated and utilised. As a question of fact, this conflict must be settled by scientific study.³⁸

Collectivism, in other words, is *impossible* because it is based upon *false* beliefs.

This claim ties into a broader concern that goes back to Hayek's wartime essay on "scientism"; namely, the view that collectivism is grounded in a faulty understanding of the social sciences, believing that the social scientist 'can comprehend [the social] process as a whole and make use of all knowledge in a systematically integrated form'.³⁹ The collectivist, in other words, believes that science is capable of penetrating the very laws that govern social and economic processes and that, on the basis of the knowledge thus gained, the state can design the social order from the ground up. For Hayek, on the contrary, science cannot help us understand precisely how societal order is made up; what it *can* do, however, is demonstrate that certain theories, hypotheses, or policies are false. Thus he writes in a crucial passage from 'Scientism and the Study of Society':

[T]he student of social phenomena cannot hope to know more than the types of elements from which his universe is made up. [...] The inevitable imperfection of the human mind becomes here not only a basic datum about the object of explanation but, since it applies no less to the observer, also a limitation on what he can hope to accomplish in his attempt to explain the observed facts. The number of separate variables which in any particular social phenomenon will determine the result of a given change will as a rule be far too large for any human mind to master and manipulate them effectively. In consequence our knowledge of the principle by which these phenomena are produced will rarely if ever enable us to predict the precise result of any concrete situation. While we can explain the principle on which certain phenomena are produced and

³⁸ Hayek, *Fatal Conceit*, 7. See also Hayek, *Law, Legislation and Liberty*, 5: 'If the constructivist rationalism can be shown to be based on factually false assumptions, a whole family of schools of scientific as well as political thought will also be proved erroneous.'

³⁹ Hayek, *Decline of Reason*, 153-154.

can from this knowledge exclude the possibility of certain results, for example, of certain events occurring together, our knowledge will in a sense be only negative; that is, it will merely enable us to preclude certain results but not enable us to narrow the range of possibilities sufficiently so that only one remains.⁴⁰

The social sciences, in other words, cannot provide the knowledge that would be necessary for the complete management of society. What they can do, however, is come to know the *principles* underlying the formation of societal order; the conditions, that is, under which certain social and economic processes occur. Thus, for Hayek, the social sciences are ‘confined to describing kinds of patterns which will appear if certain general conditions are satisfied, but can rarely if ever derive from this knowledge any predictions of specific phenomena’.⁴¹

While the social sciences are limited in their scope, this is, for Hayek, emphatically not to say that they are of no practical importance. On the contrary: in his view, knowledge of the conditions under which certain social patterns appear is of decisive practical value. Indeed, because social theory

tells us under which general conditions a pattern of this sort will form itself, it will enable us to create such conditions and to observe whether a pattern of the kind predicted will appear. And since the theory tells us that this pattern assures a maximization of output in a certain sense, it also enables us to create the general conditions which will assure such a maximization, though we are ignorant of many of the particular circumstances which will determine the pattern that will appear.⁴²

Science, in sum, is restricted to studying the general conditions under which complex phenomena appear. This means, on the one hand, that certain theories—such as the theory of society underpinning all collectivist philosophy—can be disproven scientifically, and, on the other, that the social scientist is in a privileged

⁴⁰ Ibid., 105-106.

⁴¹ Hayek, F.A., *Studies in Philosophy, Politics, and Economics* (London 1967: Routledge), 35. Cf. Tebble, *F.A. Hayek*, ch. 2.

⁴² Hayek, *Studies*, 36.

position to prescribe which conditions ought be put in place for the appearance of a determinate complex phenomenon to be possible.

Spontaneous orders. Central to Hayek's philosophical understanding of society is a particular conception of order; a topic I already touched upon in the previous chapter, where I discussed his critique of "historicism" and his view that societal order is historically conditioned. Here I wish to reflect in some more detail upon the concept of spontaneous order and its position within Hayek's overarching philosophical system.

In the second chapter of *Law, Legislation and Liberty*, his three-volume attempt to articulate a comprehensive political-economic programme, Hayek offers a detailed theoretical account of the nature of complex orders. There he distinguishes between two types of order, "made" orders and "grown" orders, the first of which Hayek also calls "organisations" (examples of which include the factory, the corporation and national government), while for the second he prefers the term "spontaneous orders" (examples being the market, the law, language and society as a whole).⁴³ What distinguishes these two types of order is that variants of the first type are consciously designed to fulfil a specific range of purposes, whereas variants of the second type 'are the product of the action of many men but are not the result of human design'.⁴⁴ Made orders, accordingly,

are relatively *simple* or at least necessarily confined to such moderate degrees of complexity as the maker can still survey; they are usually *concrete* in [...] that their existence can be intuitively perceived by inspection; and, finally, having been made deliberately, they invariably do (or at one time did) *serve a purpose* of the maker.⁴⁵

⁴³ See Hayek, *Law, Legislation and Liberty*, ch. 2.

⁴⁴ Ibid., 36. Cf. Bianchi, Marina, 'Hayek's Spontaneous Order: The "Correct" Versus the "Corrigible" Society', in: Birner & van Zijp (eds.), *Hayek, Co-Ordination and Evolution: 232-251*; Gamble, *Hayek*, 36-39; Gray, *Hayek on Liberty*, ch. 2; Hoy, *A Philosophy of Individual Freedom*, ch. 3; Kley, *Hayek's Social and Political Thought*, chs. 1-5; Tebble, *F.A. Hayek*, 21-22. For a thorough and critical account of the notion of spontaneous order see Petsoulas, Christina, *Hayek's Liberalism and Its Origins: His Idea of Spontaneous Order and the Scottish Enlightenment* (London 2001: Routledge). For a political-theological reading of this notion, see Cornelissen, Lars, 'The Secularization of Providential Order: F. A. Hayek's Political-Economic Theology', *Political Theology* 18 (2017) 8: 660-676.

⁴⁵ Hayek, *Law, Legislation and Liberty*, 37.

A spontaneous order, on the other hand, possesses none of these characteristics. Indeed,

[i]ts degree of complexity is not limited to what a human mind can master. Its existence need not manifest itself to our senses but may be based on purely *abstract* relations which we can only mentally reconstruct. And not having been made it *cannot* legitimately be said to *have a particular purpose*, although our awareness of its existence may be extremely important for our successful pursuit of a great variety of different purposes.⁴⁶

Although a spontaneous order, for Hayek, does not have a purpose, it does nevertheless fulfill a 'function', which 'may be performed without the acting part knowing what purpose its action serves'.⁴⁷ The market, for example, does not have a *purpose*, such as the equitable distribution of wealth or resources, but it does have a *function*, namely the efficient utilisation of dispersed knowledge.

For Hayek, deliberately designed orders can only reach a certain degree of complexity. Spontaneous orders, conversely, 'may achieve any degree of complexity'.⁴⁸ He goes on to argue that 'very complex orders, comprising more particular facts than any brain could ascertain or manipulate, can be brought about only through forces inducing the formation of spontaneous orders'.⁴⁹ This implies, for him, that the continued existence of spontaneous orders is dependent upon the remaining in place of such forces and that it is impossible to interfere with these 'without upsetting the overall order'.⁵⁰ Indeed, the greater the complexity of any given order, the more vulnerable it is to destructive forces; a view Hayek already expressed in *The Sensory Order*, where he observes that 'the more complex the structure, the greater will be the number of external influences capable of destroying it, and the more special the circumstances required for its continued

⁴⁶ Ibid.

⁴⁷ Ibid., 28.

⁴⁸ Ibid., 37.

⁴⁹ Ibid.

⁵⁰ Ibid., 40.

existence'.⁵¹ In *Law, Legislation and Liberty*, he uses this argument to claim that all direct interference or intervention in spontaneous orders is dangerous, writing:

The spontaneous order arises from each element balancing all the various factors operating on it and by adjusting all its various actions to each other, a balance which will be destroyed if some of the actions are determined by another agency on the basis of different knowledge and in the service of different ends.⁵²

He goes on to insist that this does not mean that one may never act to improve spontaneous orders; rather, it means that such acts must take the form of *general rules* seeking not to influence the actions of particular individuals but to improve the forces of spontaneous ordering. 'The fact is', Hayek asserts, 'that we can preserve an order of such complexity not by the method of directing the members, but only indirectly by enforcing and improving the rules conducive to the formation of a spontaneous order'.⁵³

This last view is, in Hayek's account, shared by all proponents of the liberal tradition, whereas it is lost on collectivist philosophers. Indeed, in the opening pages of *Law, Legislation and Liberty*, he goes so far as to recast the Manichean division between liberalism and collectivism in relation to the concept of order, asserting that what distinguishes these 'two schools of thought' is that the former understands order to be a product of historical "growth", whereas representatives of the latter 'ascribe the origin of all institutions of culture to invention or design'.⁵⁴

Political philosophy. Concomitant to Hayek's twofold conception of order is a twofold conception of the kinds of politics apposite for each. Thus, for him, organisations operate by way both of general rules and of specific commands. This is because organisations, as explained above, are designed to fulfil a specific purpose or range of purposes; and, accordingly, '[w]hat distinguishes the rules which will govern action within an organization is that they must be rules for the

⁵¹ Hayek, *The Sensory Order*, 128. See also Hayek, *The Fatal Conceit*, 18.

⁵² Hayek, *Law, Legislation and Liberty*, 49.

⁵³ *Ibid.*

⁵⁴ *Ibid.*, 5, 11.

performance of assigned tasks'.⁵⁵ Spontaneous orders, conversely, have no purpose, as they were not designed by any single authority. This means that, if their continued functioning is to be secured, spontaneous orders cannot be interfered with by way of the issuing of commands. Rather, as already noted, policy aimed at the improvement of any given spontaneous order can be successful only if it avails itself of the evolutionary processes that gave rise to that order in the first place. Concisely put, 'we cannot redesign but only further evolve what we do not fully comprehend'.⁵⁶ This, as explained at length in the previous chapter, requires a form of intervention aimed at creating the *conditions* necessary for further evolution.

When applied to the problem of societal order at large, Hayek's distinction between two kinds of politics yields a fundamental distinction between *legislation* and *government*.⁵⁷ Legislation, in this account, is the activity of articulating laws. The law, understood in the broadest sense as the 'system of rules of just conduct' within which, in a given society, all individual action takes place, 'is the outcome of a process of evolution in the course of which spontaneous growth of customs and deliberate improvements of the particulars of an existing system have constantly interacted'.⁵⁸ For Hayek, these rules need not necessarily be codified, as they include many cultural customs and unwritten rules. What is more, the development of the law does not solely proceed via legislation, as it similarly proceeds via jurisprudence, that is, the interpretation of the law by judges. However, when spontaneously grown customs require being codified so that they may be enforced, legislation is necessary. The legislature, in this view, is the body whose specific task is 'the articulation and approval of general rules of conduct'.⁵⁹ Which general rules ought be codified depends not upon the particular will of the legislature but upon the 'prevailing opinion' of the majority of citizens.⁶⁰ 'The power of the legislator', Hayek argues, 'thus rests on a common opinion about certain attributes which the laws he produces ought to possess, and his will can

⁵⁵ Ibid., 47.

⁵⁶ Ibid., 499.

⁵⁷ Cf. Barry, *Hayek's Social and Economic Philosophy*, chs. 5-6; Tebble, *F.A. Hayek*, ch. 4.

⁵⁸ Hayek, *Law, Legislation and Liberty*, 116, 96.

⁵⁹ Ibid., 365.

⁶⁰ Ibid., 87.

obtain the support of opinion only if its expression possesses those attributes'.⁶¹ Legislation, differently put, is the activity of articulating and codifying those rules that majority opinion deems to be just; its outcome is the body of positive law that determines the boundaries within which the actions of all individuals and all organisations—including, crucially, government—must remain.

Government, on the other hand, is an organisation that has a twofold role in society: 'the enforcement of the universal rules of just conduct on the one hand, and, on the other, the direction of the organization built up to provide various services for the citizens at large'.⁶² To govern is, in other words, both to police⁶³ and to meet certain social needs—although the needs that must be met by government are restricted to needs that 'cannot be met better in other ways', that is, through 'the market'.⁶⁴ Because it is an organisation and, as such, possesses a specific set of purposes, government operates on 'considerations of efficiency or expediency rather than of justice'.⁶⁵ For Hayek, in complex societies, the existence of a governmental apparatus is of crucial import, especially in its role as enforcer of the law as articulated by the legislature. It is, indeed, only when the rules of just conduct are effectively enforced that many of the spontaneous social forces upon which societal order rests can function. Writes Hayek: 'The most important of the public goods for which government is required is thus not the direct satisfaction of any particular needs, but the securing of conditions in which the individuals and smaller groups will have favourable opportunities of mutually providing for their respective needs.'⁶⁶

In short, Hayek constructs a fundamental distinction between legislation and government; a distinction grounded in the view that the law is a spontaneous order, whereas government is an organisation. To legislate, in this view, is 'to determine the permanent framework of rules of law'; to govern is 'to act on concrete matters, the allocation of particular means to particular purposes'.⁶⁷ For him, a political philosophy adequate to the task of combating collectivism must be

⁶¹ Ibid., 88.

⁶² Ibid., 124-125.

⁶³ See *ibid.*, 130ff.

⁶⁴ Ibid., 389. See also Hayek, *New Studies*, 144f.

⁶⁵ Hayek, *Law, Legislation and Liberty*, 388.

⁶⁶ Ibid., 170.

⁶⁷ Ibid., 366.

cognisant of this distinction and must articulate both a governmental and a legislative politics. The former would deploy both general rules and specific commands, but the latter must be restricted to the laying down of general rules only.

Hayek's philosophical project, to summarise, is grounded in a series of fundamental philosophical assumptions. First, he believes that the human mind is fundamentally limited, rendering it capable of understanding the general principles underlying complex orders, but not their exact composition; second, he holds that the social sciences are similarly limited and that, accordingly, their task is the study of the conditions under which complex orders emerge; third, he distinguishes between made orders and grown orders, the former of which are designed whereas the latter have evolved historically; fourth, he formulates a political philosophy that depends upon this twofold understanding of order, distinguishing between government and legislation. Hayek effectively captures each of these philosophical assumptions in a crucial passage from 'Scientism and the Study of Society', where he writes:

It is because the growth of the human mind presents in its most general form the common problem of all the social sciences that it is here that minds most sharply divide, and that two fundamentally different and irreconcilable attitudes manifest themselves: on the one hand the essential humility of individualism, which endeavours to understand as well as possible the principles by which the efforts of individual men have in fact been combined to produce our civilisation, and which from this understanding hopes to derive the power to create conditions favourable to further growth; and, on the other hand, the hubris of collectivism, which aims at conscious direction of all forces of society.⁶⁸

The Restatement of Liberalism

In the present section, I have shown that Hayek's comprehensive philosophical project is informed by a Manichean outlook that divides the history of thought into

⁶⁸ Hayek, *Decline of Reason*, 153.

two overarching schools, liberalism and collectivism. Hayek believes the latter of these to be grounded in a scientifically false understanding of order. Yet, despite being a “true” theory of society, the former has ‘been falling into increasing disregard and oblivion’, as Hayek writes in the introduction to *The Constitution of Liberty*.⁶⁹ In his binary worldview, this is a cause for great despair, as nothing less than the continued existence of Western civilisation depends upon the victory of liberalism over collectivism.⁷⁰

This, then, is why Hayek sets out to formulate ‘a comprehensive restatement of the basic principles of a philosophy of freedom’.⁷¹ The word “restatement” must be taken in both of its meanings; indeed, what the Austrian philosopher aims to achieve is a stating anew, a *stating again*, of the traditional foundations of liberal philosophy, but this is at the same time a re-examination, a *stating differently*, of these foundations in order to avoid the pitfalls that made classical liberalism vulnerable.⁷² For Hayek, these foundations must be stated again because their influence has suffered decline; they must be stated differently because classical liberalism was marked by a number of defects. He put this point concisely in his opening statement to the founding meeting of the MPS, where he described the Society’s ‘great intellectual task’ as being one of

purging traditional liberal theory of certain accidental accretions which have become attached to it in the course of time, and also facing up to some real problems which an over-simplified liberalism has shirked or which have become apparent only since it had turned into a somewhat stationary and rigid creed.⁷³

For Hayek, classical liberalism’s greatest shortcoming was that it was not precise enough in its *practical* tenets. Thus he writes in *Law, Legislation and*

⁶⁹ Hayek, *Constitution of Liberty*, 48. It is worth noting that, in choosing the title for this book, Hayek meant to use ‘the term “constitution” in the wide sense in which we use it also to describe the state of fitness of a person’. (Hayek, *Law, Legislation and Liberty*, 3.)

⁷⁰ See also my discussion of this theme in the excursus contained in the previous chapter.

⁷¹ Hayek, *Constitution of Liberty*, 50. Cf. Barry, *Hayek’s Social and Economic Philosophy*, 5; Biebricher, ‘Neoliberalism and Democracy’, 256-257; Gray, *Hayek on Liberty*, 1-2.

⁷² Cf. Cornelissen, ‘The Secularization of Providential Order’, 668f.

⁷³ Hayek, *Studies*, 149.

Liberty that its ‘defect was not that it adhered too stubbornly to principles, but rather that it lacked principles sufficiently definite to provide clear guidance’.⁷⁴ ‘Traditional liberal doctrine’, he writes elsewhere, ‘not only failed to cope adequately with new problems, but also never developed a sufficiently clear programme for the development of a legal framework designed to preserve an effective market order’.⁷⁵ This means that liberalism cannot merely restrict itself to formulating a ‘negative’ position, but must include a ‘positive’ programme, which ‘requires in particular rules which favour the preservation of competition’.⁷⁶ For Hayek, in short, classical liberalism had failed to articulate an adequate art of government.

Hayek’s attempted restatement of liberalism is not restricted to outfitting it with a more comprehensive positive programme. Indeed, it also entails a far-reaching rearticulation of some of liberalism’s foundational philosophical principles. Of particular import in this context, as I have argued at length in the previous chapter and elsewhere, is Hayek’s attempt to reconceptualise the principle of order, which classical liberals from Adam Ferguson to Lord Acton had associated with divine providence, but which in the hands of the Austrian philosopher comes to be seen as an historical phenomenon.⁷⁷ However, unlike Walter Eucken, who routinely criticises his classical liberal antecedents for believing social and economic order to be divinely ordained,⁷⁸ Hayek is more inclined to project his own ideas onto the liberal tradition, presenting, as I have contended elsewhere, ‘his own political economy as continuous with theirs while in truth it harbors a crucial *discontinuity*’.⁷⁹

⁷⁴ Hayek, *Law, Legislation and Liberty*, 59. See also *Individualism and Economic Order*, 17.

⁷⁵ Hayek, *New Studies*, 145.

⁷⁶ *Ibid.*, 145-146. Interestingly, Hayek goes on to say that ‘[t]hese problems were somewhat neglected by nineteenth-century liberal doctrine and were examined systematically only more recently by some of the “neo-liberal” groups’ (146). This is interesting because Hayek does not normally use the term “neoliberal”. In this context, he particularly has ordoliberal thinkers in mind.

⁷⁷ See Cornelissen, ‘The Secularization of Providential Order’. See also Whyte, Jessica, ‘The Invisible Hand of Friedrich Hayek: Submission and Spontaneous Order’, *Political Theory* (2017), DOI: 10.1177/0090591717737064.

⁷⁸ See, for instance, Eucken, Walter, *The Foundations of Economics: History and Theory in the Analysis of Economic Reality*, transl. T. W. Hutchison (Berlin 1992 [1940]: Springer Verlag), 48. See also my discussion of Eucken’s conception of order in chapter 5.

⁷⁹ Cornelissen, ‘The Secularization of Providential Order’, 668. Cf. Whyte, ‘The Invisible Hand of Friedrich Hayek’.

In short, Hayek's version of liberalism both relies upon a philosophical doctrine that differs crucially from the one that underpinned classical liberal thought and incorporates a coherent governmental programme. Up until now I have focused upon the distinguishing features of Hayek's philosophy; in the remainder of this chapter I shall turn to the role played by democracy in Hayek's later works, focusing on the model constitution that he proposes in the third volume of *Law, Legislation and Liberty* and its implications for democratic politics.

Hayek on Democracy

In what follows, I first discuss how Hayek construes democracy as at once *a condition for* individual liberty and *a threat to* it, after which I move on to a detailed discussion of the third volume of *Law, Legislation and Liberty* in order to draw out the role played by democracy in Hayek's model constitution. I conclude by evaluating the implications of Hayek's thought for democratic politics.

Democracy and Liberty

From the first, Hayek's political writings have been characterised by an ambivalent evaluation of the merits of democracy. Thus in *The Road to Serfdom*, Hayek takes issue with the position, articulated most forcefully by Karl Mannheim, that democracy and planning imply one another, arguing that democratic politics is possible only in 'a competitive system based on free disposal over private property'.⁸⁰ He goes on:

We have no intention, however, of making a fetish of democracy. It may well be true that our generation talks and thinks too much of democracy and too little of the values which it serves. [...] Democracy is essentially a means, a utilitarian device for safeguarding internal peace and individual freedom. As such it is by no means infallible or certain. Nor must we forget that there has often been much more cultural and spiritual freedom under an autocratic rule than under some democracies—and it is at least

⁸⁰ Hayek, *Road to Serfdom*, 110.

conceivable that under the government of a very homogeneous and doctrinaire majority democratic government might be as oppressive as the worst dictatorship.⁸¹

Elsewhere in that book, he lauds democracy in somewhat more generous terms, speaking of democratic politics as ‘the only method of peaceful change man has yet invented’.⁸² Here, then, Hayek already displays a certain ambivalence towards democracy; an ambivalence that, as will become clear, was to dominate all his subsequent writings on the topic.

While his assessment of the merits of democracy in *The Road to Serfdom* is less than enthusiastic, Hayek soon began to develop a more robust defence of democratic politics. Thus, in ‘Individualism: True and False’, he asserts that ‘[t]rue individualism not only believes in democracy but can claim that democratic ideals spring from the basic principles of individualism. Yet, while individualism affirms that all government should be democratic, it has no superstitious belief in the omniscience of majority decisions.’⁸³ He goes on to argue that, like all other forms of government, democracy must be limited and that it does not suffice, in his view, to equate democracy with the primacy of majority opinion.

Here, then, Hayek forwards the view that liberalism entails democratic ideals, but he does not yet explain why this is the case. It is not until he publishes *The Constitution of Liberty* in 1960 that he offers an answer to this query. There, in a chapter on the topic of ‘Majority Rule’, he notes that there exists widespread disagreement on what the term “democracy” means and insists that it must be ‘used strictly to describe a method of government—namely, majority rule’.⁸⁴ Democracy, then, is a ‘method of deciding’, but it is emphatically not ‘an authority for what the decision ought to be’.⁸⁵ Because it is a method for deciding, democracy must be understood, in Hayek’s view, as ‘a means rather than an end’; but this, he

⁸¹ Ibid.

⁸² Ibid., 232. Hayek had already argued in a 1939 essay on international federalism that ‘[t]he democratic principle of “counting heads in order to save breaking them” is, after all, the only method of peaceful change yet invented which has been tried and has not been found wanting’. (Hayek, *Individualism and Economic Order*, 271.)

⁸³ Hayek, *Individualism and Economic Order*, 29.

⁸⁴ Hayek, *Constitution of Liberty*, 167.

⁸⁵ Ibid.

goes on to argue, is exactly the grounds upon which the liberal defends democracy, for the latter is *the best available means* of deciding what government should do.⁸⁶ Hayek proceeds to list the three most important traits that set democratic government apart from other means of deciding: first, '[d]emocracy is the only method of peaceful change that man has yet discovered'; second, 'it is more likely than other forms of government to produce liberty'; third, it 'is the only effective method of educating the majority'.⁸⁷ Democracy, in short, is to be preferred not because it is inherently superior to other forms of government, but because it delivers better results.

Here, too, Hayek is at pains to distinguish his understanding of democracy from one that a collectivist philosophy might entertain. He does so by taking issue with the views of an imaginary opponent he baptises 'the doctrinaire democrat', for whom 'majority rule is unlimited and unlimitable'.⁸⁸ In the latter account, the law must coincide with the will of the majority and the aims of government must, accordingly, be the same as the aims of the people. The problems encountered by unlimited democracy are, for Hayek, the same as those encountered by all forms of unlimited government: it necessarily leads to arbitrariness, thus destroying individual liberty. 'Though democracy is probably the best form of limited government', Hayek concludes, 'it becomes an absurdity if it turns into unlimited government. Those who profess that democracy is all-competent and support all that the majority wants at any given moment are working for its fall.'⁸⁹

Late in his life, Hayek became more inclined to mount a principled defence of democratic government. Thus, in a crucial passage from *Law, Legislation and Liberty*, he repeats his definition of democracy as 'a method or procedure for determining governmental decisions' and similarly mounts an attack on the view that 'the power of the majority must be unlimited'.⁹⁰ However, he then proceeds to write the following:

But even a wholly sober and unsentimental consideration which regards

⁸⁶ Ibid., 172.

⁸⁷ Ibid., 172, 173, 174. Cf. Barry, *Hayek's Social and Economic Philosophy*, 186ff; Notturmo, *Hayek and Popper*, 102ff.

⁸⁸ Hayek, *Constitution of Liberty*, 171.

⁸⁹ Ibid., 183.

⁹⁰ Hayek, *Law, Legislation and Liberty*, 349.

democracy as a mere convention making possible a peaceful change of the holders of power should make us understand that it is an ideal worth fighting for to the utmost, because it is our only protection (even if in its present form not a certain one) against tyranny. Though democracy itself is not freedom (except for that indefinite collective, the majority of “the people”) it is one of the most important safeguards of freedom. As the only method of peaceful change of government yet discovered, it is one of those paramount though negative values, comparable to sanitary precautions against the plague, of which we are hardly aware while they are effective, but the absence of which may be deadly.

The principle that coercion should be allowed only for the purpose of ensuring obedience to rules of just conduct approved by most, or at least by a majority, seems to be the essential condition for the absence of arbitrary power and therefore of freedom.⁹¹

Here, the consequentialist claim that democracy allows for peaceful regime change is rehearsed once more, but it is complemented with a far more principled argument: if the law does not conform to the majority opinion, society cannot be considered free.

In the final analysis, then, Hayek’s assessment of democracy is a positive one.⁹² He is nevertheless weary of democratic government; a weariness that stems from the belief that the most prevalent conception of democracy is rooted in the collectivist tradition and that, as a result, ‘the particular set of institutions which today prevails in all Western democracies’ is inherently inclined towards unlimited government.⁹³ It is worthy of note that, for Hayek, the most serious threat posed by unlimited democratic government is that it is highly likely to lead to interventions in the market; that it will, in his words, ‘produce a progressive expansion of governmental control of economic life even if the majority of the people wish to preserve a market economy’.⁹⁴ Indeed, unlimited democracy, as he

⁹¹ Ibid.

⁹² See also the essays reprinted in part 2 of Hayek, *New Studies*.

⁹³ Hayek, *Law, Legislation and Liberty*, 345. See also Hayek, *New Studies*, 92, 107, 155.

⁹⁴ Hayek, *New Studies*, 107. See also 157: ‘unlimited democracy is bound to become egalitarian’ and 306: ‘Omnipotent democracy indeed leads of necessity to a kind of

writes in *Law, Legislation and Liberty*, 'will in general tend to serve the needs of the organization of government rather than the needs of the self-generating order of the market'.⁹⁵

These, then, are the stakes of Hayek's democratic thought. On the one hand, he considers the democratic ideal to be 'well worth fighting for', as he put it in a 1976 public lecture entitled 'Whither Democracy?'; on the other, he holds that '[a]ll democracy that we know today in the West is more or less unlimited democracy'.⁹⁶ For him, this should not be cause for despair, however. 'It is important to remember that, if the peculiar institutions of the unlimited democracy we have today should ultimately prove a failure, this need not mean that democracy itself was a mistake, but only that we tried it in the wrong way.'⁹⁷ What, then, would our political life look like if we were to try democracy differently?

A Model Constitution

In the 1960s and 70s, Hayek set himself the task of formulating 'A New Statement of the Liberal Principles of Justice and Political Economy', as the subtitle to *Law, Legislation and Liberty* puts it.⁹⁸ In the introduction to that same work, he writes: 'I address myself to the question of what constitutional arrangements, in the legal sense, might be most conducive to the preservation of individual freedom.'⁹⁹ For Hayek, the question of democracy resides at the very heart of 'this problem of constitutional design'; a question that, in turn, revolves primarily around the

socialism.' Cf. Biebricher, 'Neoliberalism and Democracy', 259; Cornelissen, "How Can the People Be Restricted?", 16f; Kiely, Ray, 'From Authoritarian Liberalism to Economic Technocracy: Neoliberalism, Politics and "De-Democratization"', *Critical Sociology* 43 (2017) 4-5: 725-745, 736; Waligorski, Conrad P., *The Political Theory of Conservative Economists* (Lawrence, KS 1990: University Press of Kansas), 102.

⁹⁵ Hayek, *Law, Legislation and Liberty*, 369.

⁹⁶ Hayek, *New Studies*, 152, 153.

⁹⁷ *Ibid.*, 153.

⁹⁸ For earlier attempts to articulate a liberal constitution, see especially part 2 of Hayek, *New Studies*. Hayek's model constitution is discussed in depth in Gamble, *Hayek*, ch. 6; Hoy, *A Philosophy of Individual Freedom*, ch. 5; Kiely, 'From Authoritarian Liberalism to Economic Technocracy'; Löscher, Bettina, 'Die neoliberale Hegemonie als Gefahr für die Demokratie', in: Butterwegge, Christoph, Bettina Löscher & Ralf Ptak, *Kritik des Neoliberalismus*, 2nd edition (Wiesbaden 2008 [2007]: VS Verlag): 221-284, 234ff; Tebble, *F.A. Hayek*, ch. 5; Waligorski, *Conservative Economists*, 114-115.

⁹⁹ Hayek, *Law, Legislation and Liberty*, 3.

distinction between legislation and government.¹⁰⁰ Thus, in his view,

the predominant model of liberal democratic institutions, in which the same representative body lays down the rules of just conduct and directs government, necessarily leads to a gradual transformation of the spontaneous order of a free society into a totalitarian system conducted in the service of some coalition of organized interests.¹⁰¹

While, as I shall show, the distinction between legislation and government is of fundamental importance for the model constitution laid out in the third volume of *Law, Legislation and Liberty*, Hayek did not articulate it until he started pursuing the problem of constitutional design. He nevertheless anticipates this distinction in *The Constitution of Liberty*, where, in the chapter on democracy, he writes: 'Equality before the law leads to the demand that all men should have the same share in making the law. This is the point where traditional liberalism and the democratic movement meet.'¹⁰² He immediately goes on to argue that despite this convergence, liberalism and democracy are fundamentally different, writing that

[l]iberalism is a doctrine about what the law ought to be, democracy a doctrine about the manner of determining what will be the law. Liberalism regards it as desirable that only what the majority accepts should in fact be law, but it does not believe that this is therefore necessarily good law. Its aim, indeed, is to persuade the majority to observe certain principles. It accepts majority rule as a method of deciding, but not as an authority for what the decision ought to be.¹⁰³

Although he does not yet distinguish starkly between government and legislation, Hayek does here insist upon a division between, on the one hand, the activity of *making* the law and, on the other, the determination of the *content* of the law. Let me consider each of these in some more detail.

¹⁰⁰ *Ibid.*, 4.

¹⁰¹ *Ibid.*, 2.

¹⁰² Hayek, *Constitution of Liberty*, 166.

¹⁰³ *Ibid.*, 167. Cf. Notturmo, *Hayek and Popper*, 105ff.

Liberalism, in Hayek's view, demands that everyone has an *equal share* in the making of the law. Crucially, however, this does not imply that *everyone should have a share*. Indeed, for him, some restrictions on the franchise are wholly justified, as evidenced by the fact that many such restrictions, such as the 'age limit of twenty-one and the exclusion of criminals, resident foreigners, non-resident citizens, and the inhabitants of special regions or territories are generally accepted as reasonable'.¹⁰⁴ He proceeds:

It can scarcely be said that equality before the law necessarily requires that all adults should have the vote; the principle would operate if the same impersonal rule applied to all. If only persons over forty, or only income-earners, or only heads of households, or only literate persons were given the vote, this would scarcely be more of an infringement of the principle than the restrictions which are generally accepted. It is also possible for reasonable people to argue that the ideals of democracy would be better served if, say, all the servants of government or all recipients of public charity were excluded from the vote.¹⁰⁵

In a footnote appended to this passage, Hayek even goes so far as to illustrate his point by reminding his readers that 'in the oldest and most successful of European democracies, Switzerland, women are still excluded from the vote and apparently with the approval of the majority of them'.¹⁰⁶ The point, in short, is that the right to exert an influence on the legislature should be determined by general rules; but this does not imply that everyone should have this right.

Nevertheless, the principles of liberalism do prescribe that the *content* of the law must be in accordance with majority opinion, which in turn 'emerges from an independent and spontaneous process'.¹⁰⁷ This is why, for Hayek, democracy requires 'the existence of a large sphere independent of majority control in which the opinions of the individuals are formed'.¹⁰⁸ Indeed, only if this sphere is free

¹⁰⁴ Hayek, *Constitution of Liberty*, 169.

¹⁰⁵ *Ibid.*

¹⁰⁶ *Ibid.*, 169n4.

¹⁰⁷ *Ibid.*, 175.

¹⁰⁸ *Ibid.*

from intervention can the myriad existing ‘competing’ opinions give rise to a majority opinion in a spontaneous manner.¹⁰⁹ The legislator must, for Hayek, ‘fashion his program from opinions held by large numbers of people’ because ‘[h]is task in a democracy is to find out what the opinions held by the largest number are’.¹¹⁰ Here, then, emerges a first, if tentative, division between legislators, that is, those whose principle task is to articulate laws on the basis of majority opinion, and those who have the right to select the legislators. What is more, as long as the latter right is assigned on the basis of *general* rules, the exclusions attendant to them are justified and the democratic principle, which says that all should have an equal share in making the law, has not been violated.

In the third volume of *Law, Legislation and Liberty*, Hayek makes this division the cornerstone of his model constitution. There he proceeds by first criticising the extant political order, saying that, in existing democracies, the term “democracy” is identified with ‘the particular set of institutions [...] in which a majority of a representative body lays down the law *and* directs government’.¹¹¹ In order to combat this conflation, Hayek goes on to argue, a distinction must be made between a legislative body and a governmental body. Here is how Hayek sets out the basic contours of his suggested constitution:

Two such distinct assemblies would, of course, have to be differently composed if the *legislative* one is to represent the *opinion* of the people about which sorts of government actions are just and which are not, and the other *governmental* assembly were to be guided by the *will* of the people on the particular measures to be taken within the frame of rules laid down by the first. For this second task—which has been the main occupation of existing parliaments—the practices and organization of parliaments have become well adapted, especially with their organization

¹⁰⁹ Ibid.

¹¹⁰ Ibid., 177.

¹¹¹ Ibid., 345-346. For detailed commentaries on Hayek’s critique of existing democracies, see Barry, *Hayek’s Social and Economic Philosophy*, 186-190; Gamble, *Hayek*, 91-97; Hoy, *A Philosophy of Individual Freedom*, 95-107; Waligorski, *Conservative Economists*, ch. 5.

on party lines which is indeed indispensable for conducting government.¹¹²

Because, in other words, the governmental assembly is in charge of allocating scarce public means to alternative public ends, it must be organised in such a manner that it can adequately cater to the needs of the majority, as reflected by citizens' votes. In Hayek's view, existing parliamentary institutions are already well equipped for this task and therefore require no far-reaching adaptation.¹¹³

The legislative assembly, however, 'must not be chosen in the same manner, or for the same period', because for Hayek, government and legislation are two fundamentally different activities.¹¹⁴ For one, the legislature must consist of people with different qualities than those who comprise the governmental assembly. While members of the latter are distinguished by their 'effectiveness' and must be 'responsive to the fluctuating wishes of the electorate', which are communicated through the party system, the primary task of legislators is 'to uphold justice impartially', which demands that they be in possession of 'probity, wisdom, and judgment'.¹¹⁵ For Hayek, it follows that the period during which members of the legislative assembly should hold office must differ similarly. Indeed, whereas the governmental assembly must change regularly in order to be able to respond appropriately to fluctuations in the needs and preferences of the electorate, the legislature must consist of experienced and judicious members who are detached from party discipline and thus requires that its members hold office for a considerably longer period.

Hayek proceeds to offer a more concrete outline of the legislative assembly. I quote at length:

What would [...] appear to be needed for the purposes of legislation proper is an assembly of men and women elected at a relatively mature

¹¹² Hayek, *Law, Legislation and Liberty*, 440.

¹¹³ It should be noted, however, that Hayek has in mind the Anglo-American model of a two-party system, which he prefers over a proportional system for reasons that he never adequately explained. See Hayek, *Constitution of Liberty*, 169; *New Studies*, 161; *Law, Legislation and Liberty*, 519n6.

¹¹⁴ Hayek, *Law, Legislation and Liberty*, 447.

¹¹⁵ *Ibid.*, 448. Cf. Hayek, *New Studies*, 102.

age for fairly long periods, such as fifteen years, so that they would not have to be concerned about being re-elected, after which period, to make them wholly independent of party discipline, they should not be re-eligible nor forced to return to earning a living in the market but be assured of continued public employment in such honorific but neutral positions as lay judges, so that during their tenure as legislators they would be neither dependent on party support nor concerned about their personal future. To assure this only people who have already proved themselves in the ordinary business of life should be elected and at the same time to prevent the assembly's containing too high a proportion of old persons, it would seem wise to rely on the old experience that a man's contemporaries are his fairest judges and to ask each group of people of the same age once in their lives, say in the calendar year in which they reached the age of 45, to select from their midst representatives to serve for fifteen years.

The result would be a legislative assembly of men and women between their 45th and 60th years, one-fifteenth of whom would be replaced every year. The whole would thus mirror that part of the population which had already gained experience and had had an opportunity to make their reputation, but who would still be in their best years.¹¹⁶

Hayek goes on for several pages to discuss various pragmatic issues that the establishment of this assembly would raise. He proposes, for instance, that members of the legislature should 'be removable only for gross misconduct or neglect of duty by some group of their present or former peers' but that, under normal circumstances, it should not be possible to recall or replace them.¹¹⁷ He also submits that it would be preferable 'to employ an indirect method of election, with regionally appointed delegates electing the representative from their midst'.¹¹⁸

¹¹⁶ Hayek, *Law, Legislation and Liberty*, 448-449. Cf. Hayek, *New Studies*, 95-96.

¹¹⁷ Hayek, *Law, Legislation and Liberty*, 449.

¹¹⁸ *Ibid.*, 449-450.

The separation of the legislature from government would, in Hayek's opinion, 'come nearer to producing that ideal of the political theorists, a senate of wise and honourable men, than any system yet tried'.¹¹⁹ The role of such a "senate" would, in short, not be to lay down laws based upon the will of a temporary majority, but to articulate and codify the opinion of the majority concerning the principles of justice—although, curiously, Hayek nowhere explains through which methods the legislators would be able to discern what the majority in fact opines.

For Hayek, to summarise, the legislature must be separated from government because each of these bodies is tasked with bringing about a different type of order. Government, in this view, is an organisation and must accordingly be efficient and purposeful; the legislature, conversely, is charged with codifying the outcome of a process of spontaneous ordering and must accordingly be insulated from all manner of external partisan influences. What, it must now be asked, does this mean for democracy?

Hayek's Anti-Democratic Thought

It is, I contend, in Hayek's practical proposal for a legislative assembly that his thought betrays a far-reaching opposition to the democratic imaginary. As I have shown, the legislative assembly, as envisioned in *Law, Legislation and Liberty*, would almost completely be insulated from popular control. Indeed, despite his insistence that both assemblies should be elected democratically, Hayek's practical proposal makes it impossible for legislators to be recalled even as it limits any one individual's direct electoral influence upon the legislature to *one vote in a lifetime*; a vote, moreover, cast in an *indirect* method of election.¹²⁰ In Hayek's model constitution, then, the average citizen can exert some influence upon the direction of government, thus modestly guiding the allocation of public resources, but has virtually no control over the law, which is articulated by a council, consisting of 'wise and fair' legislators, that can neither be recalled nor corrected by the

¹¹⁹ Hayek, *New Studies*, 96.

¹²⁰ Cf. Bonefeld, Werner, *The Strong State and the Free Economy* (London 2017: Rowman & Littlefield), 61ff; Cornelissen, 'The Secularization of Providential Order', 672f; Kiely, 'From Authoritarian Liberalism to Economic Technocracy', 733ff; Notturmo, *Hayek and Popper*, 128ff.

people.¹²¹ In Hayekian democracy, concisely put, each individual citizen is equal before a law over which they can exert no significant control. It is here, in the attempt radically to sever the concept and practice of democracy from legislation,¹²² that Hayek's political philosophy shows itself to have 'abandoned' the 'democratic idea', as Pierre Rosanvallon puts it.¹²³

I submit that the anti-democratic aspects of Hayek's model constitution follow ineluctably from his broader philosophical framework. Indeed, the division between the legislature and government is, as shown in the previous section, grounded in the philosophical distinction between spontaneous orders and made orders. In Hayek's dichotomous system, this latter distinction demands a series of further differentiations: specific commands as opposed to general rules; intervention as opposed to growth; will as opposed to opinion; purpose as opposed to function. By conceptualising legislation as an activity that is concerned centrally with the codification of the outcome of one particular process of spontaneous order—the spontaneous formation of opinion—, Hayek is in a position to articulate it to the series of concepts that, in his philosophical system, are intimately connected to the concept of spontaneous order. As a result, the law comes to be figured as an order that cannot withstand commands, intervention or the imposition of any given will (whether particular or general), which in turn means that the assembly tasked with articulating the law must be freed from all pressures that would push it to intervene. In other words, the citizens of what Hayek, evoking Adam Smith, calls the "Great Society"¹²⁴ must be prevented from intervening in the spontaneous order of the law lest they are driven to destroy first the law and, subsequently, society.

¹²¹ Hayek, *Law, Legislation and Liberty*, 327.

¹²² Hayek seeks to capture this severance by suggesting that we reject the term "democracy" altogether, because it has become too corrupted by collectivist philosophies to still be of any use. He instead proposes to use the term "demarchy", which would refer to 'a limited government in which the opinion but not the particular will of the people is the highest authority'. (Hayek, *New Studies*, 97.) For further discussions of the notion of demarchy, see Hayek, *Law, Legislation and Liberty*, 380f. Cf. Rosanvallon, Pierre, *Democratic Legitimacy: Impartiality, Reflexivity, Proximity*, transl. A. Goldhammer (Princeton, NJ 2011 [2008]: Princeton University Press), 153.

¹²³ Rosanvallon, *Democratic Legitimacy*, 153.

¹²⁴ See, for instance, Hayek, *Constitution of Liberty*, 333; *Law, Legislation and Liberty*, 2 and *passim*; *New Studies*, ch. 16.

As Hayek is at pains to argue, the endeavour to safeguard the legislature from all external intervention amounts to an attempt to eradicate from politics the principle of *sovereignty*. Thus, as he states in *Law, Legislation and Liberty*, many of the perversions of the democratic ideal are rooted in ‘the conception of popular sovereignty’.¹²⁵ The ‘error’ of this conception, he goes on,

lies not in the belief that whatever power there is should be in the hands of the people, and that their wishes will have to be expressed by majority decisions, but in the belief that this ultimate source of power must be unlimited, that is, the idea of sovereignty itself. The pretended logical necessity of such an unlimited source of power simply does not exist. As we have already seen, the belief in such a necessity is a product of the false constructivistic interpretation of the formation of human institution which attempts to trace them all to an original designer or some other deliberate act of will. The basic source of social order, however, is not a deliberate decision to adopt certain common rules, but the existence among the people of certain opinions of what is right and wrong.¹²⁶

For Hayek, then, the ultimate legitimacy of the law comes not from the will of the people, but from the fact that the law, as it exists, is the product of a spontaneous evolutionary process; it comes, in a word, from *history*.

Because, in Hayek’s view, the formation of a legal order is an historical process and not a constructivist one, the ‘concept of sovereignty’ is ‘unnecessary’ for ‘the consideration of the problem of the internal character of a legal order’.¹²⁷ Accordingly, one of the central objectives of Hayek’s model constitution is precisely to banish the concept of sovereignty from political thought. Because, under a Hayekian constitution, the law is articulated strictly on the basis of prevailing opinion concerning just conduct, its legitimacy rests neither upon the authority of the legislator nor upon an abstract popular will, but solely upon its

¹²⁵ Hayek, *Law, Legislation and Liberty*, 375.

¹²⁶ *Ibid.* Cf. Hayek, *New Studies*, 99.

¹²⁷ Hayek, *Law, Legislation and Liberty*, 225. Cf. Hayek, *New Studies*, 138f.

being ‘offered by history’.¹²⁸ Thus, speaking about his proposed constitution, Hayek muses: ‘If it be asked where under such an arrangement “sovereignty” rests, the answer is nowhere.’¹²⁹

Whether or not it is possible to banish the principle of sovereignty from politics is a question that cannot here be touched upon.¹³⁰ The point is that Hayek, in making this claim, further underscores the philosophical implications of his political thought. Indeed, by seeking to render sovereignty unnecessary, the Austrian philosopher effectively aspires to place the legal apparatus beyond the reach of those whose lives it determines, placing them at the mercy of the anonymous forces that, for him, constitute History.

Conclusion

In this chapter, I have argued that Hayek’s lifelong intellectual project culminated in a political-philosophical programme that, while it includes a principled defence of democratic government, actively aims to restrict citizens’ influence on the legislature to a minimum. It is, I have shown, in Hayek’s endeavour to articulate a model constitution, undertaken in the 1960s and 70s, that several lines of his philosophical system converge, yielding a comprehensive programme for a neoliberal political economy. This endeavour is grounded in the belief that the various spontaneous orders that constitute the “Great Society”, foremost amongst which are the market and the legal framework that conditions it, must be safeguarded against any interference—by government or otherwise. The concrete upshot is that, in the Hayekian system, the people must be restricted entirely from influencing the legislature if the market order is to survive. Having thus been deprived of its share in legislation, the people is shorn of its sovereignty.

To be sure, Hayek’s model constitution raises myriad questions that he left unresolved during his lifetime. What, for instance, is to guarantee that the

¹²⁸ Hayek, *Fatal Conceit*, 46.

¹²⁹ Hayek, *Law, Legislation and Liberty*, 458.

¹³⁰ For recent attempts to approach this question, see, for instance, Agamben, Giorgio, *The Kingdom and the Glory: For a Theological Genealogy of Economy and Government (Homo Sacer II, 2)*, transl. L. Chiesa & M. Mandarini (Stanford, CA 2011 [2007]: Stanford University Press); Dean, Mitchell, *The Signature of Power: Sovereignty, Governmentality and Biopolitics* (Los Angeles, CA 2013: SAGE).

members of the legislative assembly are indeed as wise and incorruptible as Hayek's constitution requires them to be? How, moreover, are they supposed to identify the exact opinion of the majority or to be attuned to its oscillations? More fundamentally, how does Hayek's consistent and explicit insistence upon the need actively to construct a legal framework conducive to a competitive order conform to his belief that no one individual should have greater influence over the law than any other? Indeed, is the very articulation of a model constitution not antithetical to the principle that all must have an equal share in the making of the law?

Despite these considerable problems, the theoretical edifice erected by the Austrian philosopher over the course of his lifetime leaves no room for doubt about the ultimate implications of neoliberal thought. Premised as it is upon the fundamental assumption that the survival and the continued functioning of the order we call society is conditional upon the existence of a certain legal framework, it unavoidably follows that interference with this framework must be minimised. When pushed to its limit, this argument leads to the view that the very principle of popular sovereignty should be jettisoned; an endeavour that must be pursued through what Hayek calls 'constitutional design'.¹³¹ While, as I have shown, this stance does not prevent him from mounting a defence, both pragmatic and principled, of democratic politics, the model of democracy he forwards is nonetheless limited to the utmost, granting citizens a modest share in questions of government but cutting them off from the legal apparatus that shapes their lives and guides their conduct.

In summary, when coupled to a neoliberal outlook, the mode of thinking that underpins neoliberal thought, according to which social and economic order is conditional upon the existence of a legal framework that must actively be constructed and preserved, leads to a political philosophy aimed at the radical restriction of popular power. When this philosophy is brought to bear upon an existing institutional framework, one that, in the eyes of neoliberals, does not sufficiently limit the power of democratic assemblies, the implication is that the existing framework must be altered—in the first instance by the elimination of various existing institutions, practices and beliefs. Seen from this angle, the imperative actively to *construct* the necessary conditions of a competitive order

¹³¹ Hayek, *Law, Legislation and Liberty*, 4.

requires, at the same time, an inherently *destructive* politics. Neoliberal thought, then, contains the unmistakable seeds of what Wendy Brown calls “de-democratisation”, that is, the historical process that has produced a situation in which ‘the people are not, in any sense, ruling in common for the common’.¹³² Indeed, ‘for the people to rule themselves’, Brown argues, ‘they must be a people and they must have access to the powers they would democratize’.¹³³ It is, I have argued, precisely this access that neoliberal philosophers have actively sought to eliminate by ‘jettison[ing] the democratic principle of sharing power and governance among the demos, or even the more modest democratic value of self-legislation or political participation’.¹³⁴ It should come as no surprise that when she is assessing the damage wrought upon our political imaginary by neoliberal rationality, Brown inadvertently echoes Hayek’s very words, writing that, in a neoliberal world, ‘popular sovereignty is nowhere to be found’.¹³⁵

What I have endeavoured to demonstrate in this dissertation is that, as a feature of neoliberal *thought*—as distinct from neoliberal *rationality*, which is the object of Brown’s critique—, de-democratisation is rooted in a singular conception of societal order; one that, when met with the political aim to construct a competitive order, leads to a philosophical system in which the historical destiny of Western civilization is identified not with the political life of the people, but with the anonymous, spontaneous, ‘transcendent’ competitive market.¹³⁶ This means, I venture, that de-democratisation is a congenital pathology of neoliberal thought.

¹³² Brown, Wendy, “‘We Are All Democrats Now...’”, in: Agamben, Giorgio, Alain Badiou, Daniel Bensaïd, Wendy Brown, Jean-Luc Nancy, Jacques Rancière, Kristin Ross & Slavoj Žižek, *Democracy in What State?* (New York 2011 [2009]: Columbia University Press): 44-57, 46.

¹³³ *Ibid.*, 50.

¹³⁴ Brown, Wendy, ‘American Nightmare: Neoliberalism, Neoconservatism, and De-Democratization’, *Political Theory* 34 (2006) 6: 690-714, 703.

¹³⁵ Brown, Wendy, *Undoing the Demos: Neoliberalism’s Stealth Revolution* (New York 2015: Zone Books), 42.

¹³⁶ Hayek, *Fatal Conceit*, 72.

AFTERWORD: BEGINNING AGAIN

In closing, I would like to summarise the main conclusions reached in this dissertation. After doing so, I reflect upon their analytical and political implications and open up several questions for further study.

Summary

In this dissertation, I have sought to contribute to the formulation of what Michel Foucault refers to as ‘an ontology of ourselves, of present reality’.¹ To this end, I have posed the question: How did democracy become a problem for neoliberalism? In answering this question, I have developed an archaeological analysis of the emergence of neoliberalism; that is, I have sought to isolate and contextualise the historical conditions of possibility of neoliberal thought. This has yielded a range of historical and analytical conclusions.

In chapter 1, I reconstructed Foucault’s account of the “history of governmentality”, as pursued in his 1978 and 1979 lectures at the Collège de France, focusing in particular upon his understanding of neoliberal governmentality. Following Foucault, I argued that what is specific about neoliberalism is that it advocates the active construction of the conditions necessary for a competitive order. On the basis of an exploration of Foucault’s method of analysis in those lectures, I concluded that the study of the history of governmentality requires an analytical framework capable of isolating moments of “epistemological mutation” and of explaining how these relate to broader shifts in governmental rationality. In other words, I showed that, in Foucault’s view, the moments of discontinuity that mark the history of governmentality are themselves historically conditioned by prior *epistemological* discontinuities. I contended that the archaeological method, as developed across Foucault’s early work, offers the analytical tools necessary for the analysis of these epistemological discontinuities.

¹ Foucault, Michel, *The Government of Self and Others: Lectures at the Collège de France 1982-83*, ed. F. Gros, transl. G. Burchell (Basingstoke 2010 [2008]: Palgrave Macmillan), 21.

In chapter 2, I showed that many contemporary critics of neoliberalism have faulted Foucault for overlooking the detrimental effects of neoliberal rationality on democratic politics. For one such critic, Wendy Brown, the analysis of neoliberalism's corrosive influence on democracy must identify processes of what she terms "de-democratisation" in the discourses that today saturate political institutions, the public sphere and quotidian experience. I argued that Brown's analytical framework, while highly attuned to discursive transformations in the present moment, is not equipped to study the way in which practices of neoliberal de-democratisation are underpinned and made possible by an entire tradition of thought. I concluded that the critical analysis of processes of neoliberal de-democratisation in the present must be able to explain the relationship between these processes and the history of neoliberal thought.

In chapter 3, I demonstrated that the archaeological method continued to inform all of Foucault's historical analyses, despite the fact that it receded into the background in the 1970s. I argued that, in the first instance, archaeology provided Foucault with a way of inverting the Kantian critical project; an objective that remained one of his lifelong preoccupations and that he sought to achieve by historicising the concept of conditions of possibility. On the basis of these findings, I concluded that archaeological analysis cannot be separated from genealogical critique and that both are integral to what Foucault, late in his life, referred to as "the history of problematisations".

In the seam, I demonstrated, on the basis of a close reading of a crucial passage from *The Birth of Biopolitics*, that Foucault gestures towards an archaeological inquiry into the prehistory of neoliberalism. However, his treatment of this question is too pithy, leading him to draw all-too-hasty conclusions and to neglect the many complexities of this prehistory. Specifically, he overlooks the range of epistemological shifts undergone by political economy in the period between the publication of the first volume of Karl Marx's *Capital* in 1867 and the emergence of Keynesian economics in the late 1930s, the most profound of which is the event known as the "marginal utility revolution". Accordingly, I concluded that the archaeology of neoliberalism must begin with a study of marginalist political economy.

In chapter 4, I offered an archaeological study of the writings of Carl Menger, one of the three original exponents of marginalism. I argued that the eclipse of traditional theories of value by the subjective theory of value entails a rearticulation of the object of political economy. Indeed, Mengerian political economy does not analyse mechanisms of production, but the general conditions under which individuals act economically. I concluded that this discontinuity entails three further shifts: first, political economy comes to view history in a different light; second, knowledge, error and ignorance become pertinent for economic analysis; and third, political economy recovers its role as a practical science.

In chapter 5, I concluded that the epistemological mutations precipitated by the marginalist turn made it possible for a new type of social philosophy to emerge in the 1930s. Thus, confronted by what they perceived as a crisis of classical liberalism, several liberal philosophers set out to articulate a novel philosophical conception of societal order by subjecting it to a series of alterations that implicitly replicated the Mengerian turn. Indeed, the conception of order they constructed entailed, first, a novel understanding of the historicity of societal order; second, a distinct theory of knowledge and its role in processes of ordering; and third, a clear emphasis on the centrality of the social sciences in questions of a political and legal nature. When, in the second half of the 1940s, this social philosophy came to inform a political-philosophical agenda that called for the restatement of liberalism, the neoliberal project was born.

In chapter 6, I engaged with F.A. Hayek's political thought, concluding that when the neoliberal project is pushed to its philosophical and political limits, the result is a form of constitutionalism that explicitly aims at the dissolution of popular sovereignty through the radical restriction of citizens' influence on the legislature. In Hayek's work, this constitutionalism is grounded in a theoretical distinction between "grown" orders and "created" orders; a distinction that entails a further division between governmental and legislative politics. In this view, the legal order is a "grown" order that must be kept free from intervention by any individual or collective will, thus prompting Hayek to articulate a "model constitution" aimed at a severe restriction of democratic politics.

How, then, do these conclusions bear upon the central problematic of this dissertation? In Brown's view, for the term "democracy" to mean anything, it must minimally signify the idea that 'the people rule themselves, that the whole rather than a part or an Other is politically sovereign'.² When approached from this perspective, neoliberalism comes to appear as an essentially anti-democratic political and philosophical project. In seeking explicitly to dissolve the principle of popular sovereignty, Hayek simply pushes the neoliberal mode of thought, which recognises only two primordial forms of order and which unequivocally allies itself with one of these, to its inevitable conclusion. When Brown concludes that decades of neoliberal de-democratisation have produced a political landscape where 'popular sovereignty is nowhere to be found',³ she bears witness to what may be seen as Hayek's crowning—if unsettling—achievement.

These conclusions allow me to offer a comprehensive evaluation of Foucault's historical analysis of neoliberalism. What my work shows is not that Foucault misunderstands the stakes of neoliberal governmentality. Indeed, he correctly identifies German neoliberalism's basic political-philosophical principle as the view that 'economic processes only really exist, in history, insofar as an institutional framework and positive rules have provided them with their conditions of possibility'.⁴ Rather, what I have sought to demonstrate is that Foucault overlooks the epistemological foundations of this view, their relationship to late 19th-century developments in political economy and their implications for political and economic thought at large. On the one hand, this oversight leads Foucault to exaggerate the influence of Husserlian phenomenology on neoliberal thought,⁵ while on the other it makes him inattentive to the fundamental role played in neoliberal philosophy by the conception of "grown" or "spontaneous"

² Brown, Wendy, "We Are All Democrats Now...", in: Agamben, Giorgio, Alain Badiou, Daniel Bensaïd, Wendy Brown, Jean-Luc Nancy, Jacques Rancière, Kristin Ross & Slavoj Žižek, *Democracy in What State?* (New York 2011 [2009]: Columbia University Press): 44-57, 45.

³ Brown, Wendy, *Undoing the Demos: Neoliberalism's Stealth Revolution* (New York 2015: Zone Books), 42.

⁴ Foucault, Michel, *The Birth of Biopolitics: Lectures at the Collège de France, 1978-79*, ed. M. Senellart, transl. G. Burchell (Basingstoke 2008 [2004]: Palgrave Macmillan), 163.

⁵ See *ibid.*, 103f, 120f. This is not to say that he is wrong in identifying the influence of Edmund Husserl on Walter Eucken's thought in particular. Rather, it is to suggest that, from an archaeological perspective, phenomenology does not play as significant a role in the prehistory of neoliberalism as does marginalism.

order. As a consequence, the critical framework offered in *The Birth of Biopolitics* and adopted by many recent critics of neoliberalism is ill equipped to assess why democracy appears as a problem to neoliberal thought.

Beginning Again

Where does the foregoing leave the critic? What, in other words, do my conclusions mean for our analytical and political engagement with neoliberalism?

Foucault conceives of critique ‘as work carried out by ourselves upon ourselves as free beings’.⁶ The work of critique is, he writes, ‘a historico-practical test of the limits that we may go beyond’, and, as such, ‘is always limited and determined; thus we are always in the position of beginning again’.⁷ That is to say: if the limits of our mode of being are historically specific, then our attempts to study, understand and transgress them must be so too.

Critique must thus be historical in nature, not because the study of “the past” is an important endeavour in itself but because the regimes of power and knowledge that constitute our present condition are themselves historical. The critical reconstruction of any given intellectual and political tradition, such as the one studied in this dissertation, is undertaken not to allow us to improve its functioning, to render it less destructive or to replace it with a tradition better equipped to govern us rationally, but to locate the fault lines that cut across it. The critique of this tradition, differently put, allows us to determine the limits of its reach and its rationality, so that we may exploit them in an attempt to live differently.

This raises a range of questions. What does it mean to “begin again” today? That is, what characterises our historical mode of being in the present? Which historical limits constitute us as subjects? And how might we begin to ‘experiment with the possibility of going beyond them’?⁸ While it is beyond the purview of the present study to treat these questions in any considerable detail, here I want to reflect

⁶ Foucault, Michel, ‘What is Enlightenment?’, in: *The Politics of Truth*, ed. S. Lothringer, transl. L. Hochroth & C. Porter (Los Angeles, CA 1997: Semiotext(e)): 97-119, 115.

⁷ Ibid.

⁸ Ibid., 118.

briefly upon various lines of engagement that, at present, appear to me available to critical reflection and political practice.

The Conditions of Democracy

I have argued that one of neoliberalism's most distinguishing features is that it takes the *necessary conditions* of competitive order as its privileged analytical and governmental object. On the one hand, this allows neoliberal thinkers to offer a critique of classical liberal politics, which, in their view, failed to preserve the legal framework necessary for competition, while, on the other, it allows them to formulate an art of government aimed primarily at the construction and preservation of this framework.

Across her various writings on neoliberal rationality, Brown, without doubt one of neoliberalism's most incisive critics, has developed an account of neoliberal de-democratisation that is in many ways a critical counterpoint to the neoliberal model. Indeed, her work is centrally focused on analysing how neoliberalism has mounted an assault on 'the essential *conditions* of democratic existence', thus depriving the citizenry of the means necessary for the construction of 'a just, sustainable, and habitable future'.⁹ Brown pins her hopes for a more democratic future on the Left's capacity 'to challenge emerging neoliberal governmentality in Euro-Atlantic states with an alternative vision of the good, one that rejects *homo oeconomicus* as the norm of the human *and* rejects this norm's correlative formations of economy, society, state, and (non)morality'.¹⁰ Minimally, such an alternative vision must, in her view, centre 'on developing and enhancing the capacity of citizens to share power and hence to collaboratively govern themselves'.¹¹ The articulation of such a vision is of the greatest urgency, for 'the long labor of fashioning a more just future' can be successful only on the basis of 'a

⁹ Brown, *Undoing the Demos*, 179, 222.

¹⁰ Brown, Wendy, 'Neoliberalism and the End of Liberal Democracy', in: *Edgework: Critical Essays on Knowledge and Politics* (Princeton, NJ 2005: Princeton University Press): 37-59, 59.

¹¹ *Ibid.*

counterrationality'.¹² Although she has advocated the articulation of such an alternative vision on multiple occasions, Brown has done little work to stipulate what its exact contours would have to be.

In a recent book entitled *Public Things*, Bonnie Honig takes up this challenge. She frames her argument by engaging with the account of neoliberal de-democratisation developed in *Undoing the Demos*, writing that 'Brown's analysis of the wholesale conquest of democratic life by neoliberal reason and, more importantly, of *homo politicus* by *homo aeconomicus*, is compelling and stark'.¹³ It is so stark, in fact, that Brown 'risks becoming its captive', assigning neoliberal de-democratisation so much weight that she overlooks the numerous 'alternative movements, intimations of possible alternative politics' that do exist.¹⁴ For Honig, these actually existing movements should inspire political philosophy to take up the task of crafting alternatives to neoliberal rationality.

Taking her cue from Brown's conceptualisation of democracy, Honig goes on to argue that in order to craft alternatives to the neoliberal order of things, political philosophy must once more commit itself to theorising 'Democracy's Necessary Conditions', as the title of the first chapter goes. For Honig, this enterprise must start with an account of public things; that is, the spaces, institutions, resources, organisations—in a word: *things*—that are 'subject to public oversight or secured for public use'.¹⁵ 'Without public things', she goes on, 'action in concert is undone and the signs and symbols of democratic life are devitalized'.¹⁶ This allows Honig to conceptualise the neoliberal politics of privatisation as a form of de-democratisation, as it distorts—or even negates—precisely the public status of things held in common, thus eating away at democracy's necessary conditions.

In Honig's view, a better understanding of the constitutive importance of public things for democratic life may prompt us to 'act in concert to secure them'.¹⁷ By securing public things once again, we can revitalise our democratic institutions,

¹² Ibid. For a more detailed assessment of Brown's understanding of this alternative vision, see Cornelissen, Lars, 'On the Subject of Neoliberalism: Rethinking Resistance in the Critique of Neoliberal Rationality', *Constellations* 25 (2018) 1: 133-146.

¹³ Honig, Bonnie, *Public Things: Democracy in Disrepair* (New York 2017: Fordham University Press), 19.

¹⁴ Ibid., 20.

¹⁵ Ibid., 4.

¹⁶ Ibid.

¹⁷ Ibid., 15.

regain some of the public things that neoliberal de-democratisation has undone and, ultimately, even reassert our sovereignty. Indeed, for Honig, '[d]emocratic sovereignty is an effect', and 'public things are its condition, necessary if not sufficient'.¹⁸ Thus, by reclaiming public things, or by 'building new ones', sovereignty may be retrieved.¹⁹

What Honig offers is an account of democracy that reverses the neoliberal understanding of society point by point. Here, it is not the market that is conceptualised as conditional, fragile and worthy of protection, but democratic politics; the programme that is advocated revolves around constructing the conditions necessary not for competition, but for sovereign self-legislation. Seen from this angle, the critique of neoliberal de-democratisation opposes to the *economisation* of all spheres of life, which Honig, following Brown, considers the hallmark of neoliberal rationality, the appeal 'to politicize them'.²⁰ In other words, neoliberalism has distorted the balance between the political and the economic by economising those aspects of our life that, until recently, resided on a political register. This, however, implies that the pendulum may be made to swing back: perhaps, Honig holds out, it is possible once again to restore democracy's necessary conditions by politicising our lives, our subjectivities and the *things* that constitute and sustain them.

By thus theorising democracy as a fragile and precarious aspiration that is conditional upon a range of factors, Brown and Honig offer a critical framework with which the present 'crisis of democracy' may be understood analytically and, perhaps, faced politically.²¹

The Problem of Order

In response both to Brown's call for a "counterrationality" and to Honig's appeal once again to "politicise" our lives, it could be argued that the endeavour to hold back the tide of economisation by forwarding a different articulation of the economic to the political amounts to the attempt to write a new chapter in the

¹⁸ Ibid., 25.

¹⁹ Ibid., 92.

²⁰ Ibid., 3.

²¹ Brown, *Undoing the Demos*, 218.

history of governmentality. Rather than to hold out the possibility of a more radical future, this would entail displacing the presently hegemonic political rationality in favour of different, more progressive one.

I do not mean to suggest that the reconditioning of democracy is an objective unworthy of pursuit. Rather, I want to draw attention to another possible theoretical response to neoliberalism; one made possible by the conclusions reached in this dissertation.

My archaeological analysis has revealed that one of the distinctive features of neoliberal thought is that it is grounded in a specific conception of societal order. In this account, “society” is the name of an overarching spontaneous order that is itself constituted by myriad other orders, some of which have historically “grown” whereas others have purposefully been “created”. Orders of the first kind—such as the market, the law and morality—are seen as crucial aspects of civilizational culture that must be preserved. What makes these orders grow is the economic activity of individual agents, that is, activity geared towards the fulfilment of private, subjective ends; what stunts their growth is collective—that is, political—activity aimed at the imposition of a shared will on the community at large. It follows, according to this mode of thought, that in order to promote further civilizational growth, individual subjects must be stimulated to act privately even as they must be dissuaded—if not actively prevented—from acting as political collectivities.

This conception of order has three implications for neoliberal thought. First, neoliberalism establishes a privileged relationship between order and the economic. Because only individual activity directed towards particular purposes can produce order, the economic comes to be conceptualised as orderly even as the political comes to be associated with disorderliness. This is not to say that neoliberalism does away with politics altogether: indeed, it is itself a political philosophy that prescribes a highly active and vigilant art of government. Rather, it is to say that, to neoliberals, all politics is potentially *dangerous*. Consequently, the political domain must be organised in such a way that it resembles an economic order, making citizens act in an individual capacity only. It is thus unsurprising that, in Hayek’s model constitution, the only remaining democratically elected institution, the governmental assembly, is in effect nothing more than a body in

charge of national economy; the institutional apparatus ‘concerned with the use of the concrete resources at the disposal of government for particular purposes’.²² In other words, Hayek’s model constitution represents the neoliberal ideal of a fully economised society in its purest form; a society where collectives acting in common are rendered powerless by constitutional means. In this view, political activity aimed at achieving and preserving this model constitution is tolerable; all other politics is suspect.²³

Second, the individual subject is, analytically speaking, secondary to order. That is, it is because order is seen as the surplus product of individual private acts that the individual is viewed as the starting point of political philosophy, not because the individual possesses any natural rights or has been given, by divine decree, ownership over their body. In fact, the converse is true: all rights, including, most crucially, property rights, are a *product*—and not a *cause*—of historically grown order. In this paradigm, individual liberty is an accident, as it were; a contingent, historical, conditional and therefore precarious *tradition*. The safeguarding of individual liberty is, as a result, synonymous with the safeguarding of certain grown orders and historical traditions. (Notwithstanding Hayek’s insistence to the contrary,²⁴ this is why neoliberalism so easily slips into—or becomes the handmaiden of—conservatism.)

²² Hayek, F.A., *Law, Legislation and Liberty: A New Statement of the Liberal Principles of Justice and Political Economy*, Routledge Classics ed. (London 2013 [1973, 1976, 1979]: Routledge), 357.

²³ MPS member John O’Sullivan made this point effectively in a paper presented at the Society’s 1984 conference. Commenting on the proposal to establish constitutional limits to government, he said: ‘It would undoubtedly be an advantage if interventionist measures had to overcome political hurdles higher than a majority vote in the legislature—e.g. referenda requirements, two-thirds or more majority provisions in the legislature, limits on government spending, etc.’. He went on to raise two ‘qualifications’, the first of which is as follows: ‘such provisions tend to reinforce the *status quo* by giving a veto on change to more people and more groups. If the *status quo* is a relatively free economic regime, well and good. But if we are concerned with overcoming existing obstacles to the free market, we may wish to postpone proportional representation or two-thirds majority voting rules until we have made progress in that direction.’ (O’Sullivan, John, ‘Comment on Paper by W. Craig Stubblebine and Rodney Smith’ (box 10, conference 25, Cambridge 1984, folder 2/3), 4.) This document was consulted in the Liberaal Archief, Ghent (Belgium).

²⁴ See Hayek, F.A., ‘Postscript: Why I Am Not a Conservative’, in: *The Constitution of Liberty*, definitive ed., ed. R. Hamowy (Chicago, IL 2011 [1960]: University of Chicago Press): 519-533. For discussions of Hayek as a conservative thinker, see for instance Minogue, Kenneth, ‘Hayek and Conservatism: Beatrice and Benedick?’, in: E. Butler & M. Pirie (eds.),

Third, certain aspects or branches of society's historically grown order come to appear to this mode of thought as dangerous outgrowths, pathologies that threaten the very existence of order itself. This dynamic may be conceptualised as the analytical opposite to what Joseph Schumpeter described as "creative destruction", that is, the principle, internal to capitalistic development, that economic structures constantly renew themselves through the destruction of their own superfluous features.²⁵ Although they embrace this idea, neoliberals also theorise its counterpart—which may be termed "destructive creation"—, arguing that internal to grown orders is the tendency to carry the seeds of their own destruction. This is why, for example, unionism, capitalism's monopolistic tendencies and rent-seeking are viewed as threats to societal order despite being "spontaneous" occurrences. Concisely put, the 'organism which we call "society"' is frequently beset by autoimmune disorders.²⁶ This is why the neoliberal art of *creating* the preconditions for societal order often takes shape, in reality, as an act of *destruction*: whether achieved via legal and constitutional reform or by way of the police baton, the curbing of union influence, the prevention of monopolies, the reduction of governmental expenditure, the breaking of strikes and, indeed, the radical restriction of popular legislative control all come to appear as surgical operations necessary for society to remain in good health. In its most extreme form, such destruction may take shape as a trade embargo, as "shock therapy" or as a *coup d'état*.

Neoliberalism, in summation, is ultimately rooted in a philosophical conception of order; a conception from which its privileging of the economic, its understanding of the subject and its destructive tendencies draw their analytical nutrition and their discursive legitimacy. What does this mean for the endeavour to analyse neoliberalism in its 'specificity'?²⁷

As a result of Foucault's analytical oversight, discussed at length in the seam, many accounts of neoliberalism that build upon *The Birth of Biopolitics* focus their

Hayek on the Fabric of Human Society (London 1987: Adam Smith Institute): 127-145; Tebble, A.J., *F.A. Hayek* (New York 2010: Continuum), 86ff.

²⁵ See Schumpeter, Joseph A., *Capitalism, Socialism and Democracy* (London 1994 [1943]: Routledge), part 2, ch. 7.

²⁶ Hayek, F.A., *Individualism and Economic Order* (Chicago, IL 1948: University of Chicago Press), 22.

²⁷ Foucault, *Birth of Biopolitics*, 176.

attention largely on the manner in which neoliberalism has mutated the figure of *homo oeconomicus*. Brown's account of neoliberal de-democratisation, for instance, is primarily concerned with the eradication of the subject-position that she calls "*homo politicus*", arguing that democracy has been emptied of its content *as a result of* the dissolution of the 'demotic subject'.²⁸ While this is a crucial part of the story of neoliberal de-democratisation, it nevertheless is only a part.

My study has revealed the necessity of complementing this analysis with a comprehensive account of the neoliberal conception of order and its implications for neoliberal theories of democracy. Such an account would be able to raise a range of questions that up until now have received little attention. From the perspective of intellectual history, it would ask: Can neoliberal thought accommodate different conceptions of order and, if so, what do these conceptions have in common and where are they at odds? What analytical place is the individual subject assigned in each of these conceptions of order? How do these conceptions articulate order to the economic on the one hand and to the political on the other? Where do these conceptions of order sit in the Western political-philosophical tradition? On an archaeological register, this account would go on to inquire: Which events—epistemological, social, cultural and political—conditioned the emergence of neoliberal conceptions of order? Which discursive practices did the emergence of neoliberal thought make possible and which did it eclipse? Which mutations did these discursive practices undergo over the course of the 20th century? On a genealogical register, this account would ask: In what ways are neoliberal conceptions of order continuous with previous conceptions and on which points are they discontinuous? Do neoliberal conceptions of order still bear the signatures of previous conceptions of order, even if these are denied or concealed? Which elements of neoliberal thought are presented as self-evident or natural and which discursive strategies allow for such naturalisation?

Taken together, these studies would offer the makings of a critique as Foucault understands it, that is, an ontology of our present reality. However, for him, 'the critique of what we are is at one and the same time the historical analysis of the limits that are imposed on us and an experiment with the possibility of going

²⁸ Brown, *Undoing the Demos*, 87.

beyond them'.²⁹ What exactly it would mean to go beyond the limits of our present condition must, necessarily, remain an open question—both because most of the historical analysis is yet to be undertaken and because critique, in this view, is of necessity 'permanent' and 'undefined'.³⁰

Nevertheless, the conclusions drawn here do allow one to speculate, if hesitantly, about the possible direction of such experiments. For one, it would seem that a critique of our present reality must be able to problematise not just the subject-positions that neoliberal rationality carves out, but also the conception of order that it puts to work and that, in turn, holds it together. To problematise this conception would mean, in the first instance, to challenge its identification of orderliness with individual economic activity and of disorderliness with collective political activity; to challenge the account of the (ir)rationality of the subject that underpins it; and to challenge the view that order is constitutively dependent upon moments of "destructive creation" and the violences that come with them.

However, for such a series of challenges to avoid lapsing into the attempt to play the game of ordering in a different manner, this critique would have to give rise to a further, more fundamental series of questions and challenges; questions and challenges that take issue not just with the current, neoliberal stage in the history of governmentality, but with the very architecture of governmental rationality as such. Why, for example, has the Western tradition always asked the question of government through the lens of orderliness? Why has the history of governmentality taken shape as a field of oscillations between the economisation of order and its politicisation? Is it possible to imagine life in common outside of the governmental paradigm and, thus, outside of such binaries as economic/political, private/public, government/sovereign or order/disorder?

If, as Brown insists, neoliberalism has bred 'depoliticization on an unprecedented level',³¹ thus pushing what Foucault calls 'the great process of society's governmentalization' to a point of complete implosion, then perhaps the critical attitude, the aspiration to "begin again", must be reinterpreted

²⁹ Foucault, 'What is Enlightenment?', 118.

³⁰ Ibid., 110, 114.

³¹ Brown, Wendy, 'American Nightmare: Neoliberalism, Neoconservatism and De-Democratization', *Political Theory* 34 (2006) 6: 690-714, 704.

accordingly.³² Perhaps beginning again today means, in the first instance, completing the critique of the history of governmentality with the ultimate aim not of challenging this or that governmental technology or any of its particular effects, but of unravelling its constitutive elements and its founding aporias. As my research indicates, the concept of order and the place it has been assigned in the history of Western societies would provide a fruitful starting point for this endeavour.

³² Foucault, Michel, 'What is Critique?', in: *Politics of Truth*: 41-81, 48.

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