

Birth of Biopolitics

Chapters 5-8

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LSU French Studies

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Lecture 5: 7 February 1979

- I) Post-war German neoliberalism: how can economic freedom found & limit the state?
 - A) A different question from liberalism vs the police state of 18th C absolutism
 - B) Biographies of leading German figures: Eucken, Böhm, et al.
 - 1) They had been dealing with this issue since the 1930s
 - 2) Closeness of Freiburg School (Ordoliberalism) and Frankfurt School (Critical Theory)
 - a) Both start with problematic laid out by Max Weber, displacing Marx
 - i) Marx: contradictory logic of capitalism
 - ii) Weber: irrational rationality of capitalist society
 - b) Two different directions
 - i) Frankfurt School: find new social rationality to nullify economic irrationality
 - ii) Freiburg School: find new economic rationality to nullify social irrationality
 - 3) Nazism as the "field of adversity" for neo-liberals
 - a) Define an objective: found legitimacy of state via economic freedom
 - b) Define "field of adversity" = "whole set of obstacles and enemies" to this project
 - c) Redistribution of technical resources available to them
- II) Field of adversity for the neo-liberals
 - A) Historical sequence of adversaries (actually forms a network rather than sequence)
 - 1) Theoretical objections in 1840s (List): national econ policy and liberalism are incompatible
 - a) Liberalism is suited to a maritime nation (e.g., England)
 - b) Germany needs protectionism
 - 2) Bismarckian state socialism
 - 3) WWI state planning of wartime economy
 - 4) Keynesian interventionism
 - 5) Nazis then contributed a "strict coalescence of these elements"
 - B) Theoretical *coup de force* of German neo-liberals
 - 1) The truth of Nazism / Nazism as truth, as "economic-political invariant"
 - a) Nazism is not a "monstrosity" putting together incommensurate elements
 - b) Nazism is instead truth of system, revealing necessary connection of elements
 - i) Any way you enter on this path, you end up with Nazism
 - ii) "Economic-political invariant":
 - (a) Not constitution of state
 - (b) But any kind of econ intervention
 - 2) Nazism as result of "unlimited growth of state power"
 - a) This is odd, as Nazism can be seen as "withering away of state"
 - i) State is only instrument of the people, the Volk

- ii) State is disqualified from w/in
 - (a) No longer principle of administrative hierarchy
 - (b) But loyalty and obedience to the Führer
 - iii) The party dominated the state
 - b) Neo-liberals responded that the state is merely being re-organized
 - i) It's just that the 19th C bourgeois state is being destroyed
 - ii) To make way for the Nazi super-state
 - 3) Nazi critique of society produced by bourgeois capitalism (destroys close folk society)
 - a) Nazis seem to critique atomized, mass, consumer, spectacle society
 - b) But all they really do is intensify these trends
 - i) The reason is that these trends are not the fault of capitalism
 - ii) But of interfering with the market, which Nazism does to an extreme
- III) Failure of nerve of liberalism, limiting market instead of setting conditions for its freedom
 - A) Economic intervention = application to society of natural science rationality
 - B) State phobia
 - 1) Such a global critique lets you Social Security and Gulag in same critique
 - 2) Key for neoliberals: attribute to state ills supposedly coming from market
 - a) [JP: here we have the key to market theology: it can never fail, it can only be failed]
 - b) We have to demand even more from the market
 - i) In 18th C, market was supposed to be external limit of state
 - ii) Now, neoliberals say market should be internal regulating principle of state
 - iii) IOW, a reversal
 - (a) No longer the market under supervision by state
 - (b) But a state under supervision by market
 - C) Neo-liberal transformations: principle of market changes from exchange to competition
 - 1) 18th C: market as space for free exchange
 - a) All state should do is to ensure respect for freedom of the exchangers
 - b) Although state could intervene to ensure private property rights in production
 - 2) Neoliberals: competition is the key: inequality, not equivalence: price mechanism
 - a) Neo-classical econ
 - i) State should laissez-faire
 - ii) But can intervene to prevent monopoly
 - b) Neo-liberals: laissez-faire is only a "naïve naturalism"
 - i) Bcs competition is not a given of nature, but a "principle of formalization"
 - ii) "Formal game btw inequalities, not a natural game btw individuals and behaviors"
 - 3) Competition is a formal structure
 - a) It is never attained, but can only be an objective
 - b) Econ – history relation
 - i) So econ theory is analysis of competition as formal mechanism
 - ii) But we can only analyze real effects of any one economy by studying history
 - (a) Thus by historical study we can see which conditions allow for competition
 - (b) Or in fact render competitive effects impossible
 - c) Free market can only be produced by an active governmentality

Lecture 6: 14 February 1979

- I) Critique of simple repetition as model of historical analysis
 - A) Neoliberalism is not just a renewal of past forms
 - 1) Reactivation of classical liberalism
 - 2) Extension of market society (abstract labor, exchange, etc.)
 - 3) Growth of state

- B) Rather, we have to see the uniqueness of neoliberalism
 - 1) Not to limit state by econ, but to found state on free market principles
 - 2) Transformations:
 - a) No longer laissez-faire: competition is not given, but a formal structure
 - i) Rigorous in its theoretical essence
 - ii) But fragile in its historical reality
- II) Lippmann Colloquium confirms uniqueness of neoliberalism as concern w/ style of govt action.
 - A) Monopoly
 - 1) Classical: monopoly is semi-natural / semi-necessary consequence of competition
 - 2) Neoliberals: monopoly is not part of economic / historical logic of competition
 - a) Historical: Monopoly is archaic phenomenon due to state intervention
 - b) Juridical:
 - i) Law of joint-stock companies, patent rights, etc
 - ii) Political: link btw national economy / protectionism / monopoly
 - c) Economic: increase in fixed capital does support trend to concentration / monopoly
 - i) Not inevitable: monopoly threshold only passed due to market interference
 - ii) Even if it occurs, monopoly is instable and can be fixed by competition
 - d) Monopoly disturbs prices
 - i) But a company can't really charge monopoly prices w/o attracting competitors
 - ii) So it has to charge something close to the competitive price
 - 3) So conclusion of neo-liberals is to prevent external / non-market causes of monopoly
 - B) Conformable economic action
 - 1) Regulatory actions (Kantian echo: providing a focal point for ongoing process)
 - a) Target of interventions
 - i) You must never act on mechanisms of market
 - ii) But only on three tendencies that are conditions of market competition
 - (a) Reduction of costs
 - (b) Reduction of profit
 - (c) Localized tendency to increase profit
 - 1. Price reductions
 - 2. Improvement in production
 - b) Consequences:
 - i) Objectives of regulation = price stability as control of inflation
 - ii) Instruments: control of credit conditions through central bank interest rates
 - 2) Organizing actions: intervention on more fundamental conditions ("framework")
 - a) Population
 - b) Technology
 - c) Legal framework
 - d) Natural environment
 - C) Social policy
 - 1) Contrast with social policy of welfare economy
 - a) Counterweight to unrestrained economic processes producing inequality
 - b) Instruments:
 - i) Socialization of elements of consumption (e.g., health care)
 - ii) Income transfer
 - iii) Stronger growth should be rewarded w/ stronger social policy
 - 2) German ordoliberals reject all of these
 - a) We cannot interfere w/ production of inequality (thus no income transfer)
 - b) Cannot allow socialization of consumption: need for privatization
 - i) Society can no longer insure risks
 - ii) Each individual must self-insure against risks

- c) Economic growth itself must be the only social policy
- III) Society itself (or "social environment") as target of neoliberal governmentality
 - A) What is neoliberal relation of market and society?
 - 1) It is not what Marxists critique
 - a) Normalized mass consumption "market society"
 - b) That is, society of exchange of commodities (incl. labor power)
 - 2) Rather it is society of competition / "enterprise society"
 - a) "social ethic of enterprise" in Weber, Sombart, Schumpeter
 - i) Everyone should have access to private property
 - ii) Reduction of urban sprawl
 - (a) Private homes
 - (b) Small farms
 - (c) Craft industries and small business
 - iii) Decentralization / despecialization = organic reconstruction
 - (a) Natural communities
 - (b) Families
 - (c) Neighborhoods
 - iv) Control of effects of large-scale production
 - b) A "politics of life," a *Vitalpolitik*: social fabric w/ basic unit as enterprise
 - B) Convergence of old critiques of mass society and current neoliberal social policy
 - 1) We no longer aim at society oriented to uniform commodities (Fordist black Model T)
 - 2) But to a society that multiplies and differentiates enterprises (flexible production)
 - C) Multiplication of instances for judicial disputes (litigious society)

Lecture 7: 21 February 1979

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

- a) Reject Marx's revolution as independent economic changes forcing superstructural changes from below
- b) History of capitalism is from the start an economic-institutional history
- 3) Political stake: survival of capitalism
 - a) For Marxists:
 - i) Economic logic of capital accumulation is determinant
 - ii) There is only one Capitalism
 - iii) So that end of Capitalism is foretold in its current crisis
 - b) For neoliberals
 - i) The "capital" process
 - (a) Is only a theoretical entity
 - (b) That exists in a particular historical economic-institutional reality
 - ii) Thus today we have only one form of capitalism ("historical singularity")
 - (a) This singularity can give rise to economic-institutional "transformations"
 - (b) So we have a "field of possibilities"
 - iii) Neoliberals want to show how capitalism can survive w/ different institutions
 - (a) Show how competitive market logic was non-contradictory
 - (b) Show how current ills of capitalism
 - 1. Were historical-institutional [in fact, due to state intervention]
 - 2. And could be overcome w/ better institutions
- 4) Summary: neoliberal intertwining of two problems
 - a) Logic / theory of competition
 - b) Weberian problem of economic-institutional history
- B) "Legal interventionism"
 - 1) Situation:
 - a) The neoliberals had to invent a new capitalism
 - b) Laws cannot interfere w/ market mechanisms
 - c) Rather, laws have to make sure that market mechanism are the only game in town
 - i) Principle of economic regulation
 - ii) And thus principle of social regulation
 - 2) Solution: application to the economy of the "rule of law"
 - a) Early 19th C German conception of *Rechtsstaat* is opposed to
 - i) Despotism as subordination to will of sovereign
 - ii) "Administrative continuum" of police state (no difference btw law and regulation)
 - b) Rule of law is instead
 - i) Public authority must take the form of law (not will of sovereign)
 - ii) Laws as acts of sovereign must differ from particular decisions of public officers
 - c) So, w/ rule of law any citizen must have real judicial recourse against public authorities
 - 3) So the neoliberals want to make sure any economic legislation is formal / universal
 - a) Proximate targets:
 - i) Hitlerian intervention
 - ii) New Deal / English post-war planning
 - b) Hayek's formula: rule of law is opposite of planning
 - i) Plans
 - (a) Aim at a particular goal (e.g., full employment, income transfer)
 - (b) Can be corrected / modified
 - (c) Public authorities make decisions
 - (d) Public authorities can become economic agents (public works spending)
 - (e) Presuppose that public authorities are subjects of economic knowledge
 - ii) Rule of law
 - (a) Completely formal w/o any aims or goals

- (b) Must be a priori w/o any chance of being changes
 - (c) Must be a framework w/in which private individuals make decisions
 - (d) Must bind the state as much as private individuals
 - (e) Rules out possibility of a subject of economic knowledge
- 4) "Law and order"
- a) Thus the economy must be a "game" for both state and individuals
 - b) Rule of law is only the framework, the rules of the game
 - c) That allows "economic order" to emerge as both effect and principle of its own regulation
- C) Growth of "judicial demand": "surfaces of friction" increase among multiple economic actors
- IV) Conclusion: comparison of neoliberals with Schumpeter
- A) Schumpeter agrees w/ neoliberals that there is no internal contradictory logic of capital
- B) Differences btw Schumpeter and neoliberals
- 1) Schumpeter's "pessimism"
 - a) Historical / concrete capitalism always has monopoly tendencies
 - i) Not due to economic logic of competition
 - ii) But due to social consequences of competition
 - (a) Tendency to centralization
 - (b) Tendency to become connected to administrative / state decision-making
 - b) These social consequences lead to a transition to socialism brought about by capitalism
 - i) Again, not due to an economic irrationality
 - ii) But due to social consequences of competitive markets
 - c) The political price of this transition to socialism is high, but not impossible to pay; IOW, we can avoid totalitarian socialism
 - 2) Ordoliberal reply
 - a) The political price is unacceptable
 - i) No way to avoid complete loss of freedom once you accept planning
 - ii) Because planning always involves errors which call for more control
 - b) We can avoid this by intervening to prevent the centralizing tendencies Schumpeter notes
 - i) Precisely because we can intervene at the social level
 - ii) And not touch the economic level (which Schumpeter agrees is not the problem)
 - c) That is, we can avoid Schumpeter's problem by "law and order" (see above)

Lecture 8: 7 March 1979

- I) Introduction
- A) Methodological reflection on "micropowers" qua governmentality as conduct of conduct
- 1) Target:
 - a) F first developed analysis of micropowers in looking at treatment of mad, prisoners, etc.
 - b) Now he uses it to analyze economic policy as management of whole social body
 - 2) Conclusion: analysis of micropowers
 - a) Not a question of scale or of a specific target
 - b) But the adoption of a "point of view"
- B) "Critical morality" and "state phobia"
- 1) Two common and interlocking themes
 - a) State possesses a power of expansion that always threatens civil society
 - b) Kinship btw different forms of the state
 - i) Administrative state
 - ii) Welfare state
 - iii) Bureaucratic state
 - iv) Fascist state
 - v) Totalitarian state

- 2) F's criticism of these themes as "inflationary"
 - a) Encourages the acceleration of interchangeability of analyses
 - i) E.g., we can move from analysis of social security to analysis of concentration camps
 - ii) Thus the requirement for a "specificity of analysis" is diluted
 - b) Allows a "general disqualification by the worst" (= slippery slope)
 - i) E.g., denouncing "slide to fascism" in severe punishment of vandals (cf. Guliani's "zero tolerance" campaign)
 - ii) This hides the need to analyze our own practices on their own terms
 - c) "Elision of actuality" in denouncing fantasy of "paranoiac and devouring state"
 - d) Does not carry out self-analysis / self-criticism
 - i) Doesn't look for real source of state phobia
 - ii) I.e., doesn't see historical situation of 1930-45 neo-liberals, who were fighting
 - (a) Keynesian interventionism / critiques of liberalism
 - (b) New Deal (US) / Popular Front (France) state control systems
 - (c) Nazi economics and politics
 - (d) Soviet Union
 - 3) F's demonstration that current (leftist) state phobia has echoes / roots in neo-liberal thought
 - a) Röpke: 1943: Beveridge Plan (Britain) = destruction of middle class by state
 - b) Hayek: 1943: Beveridge Plan puts us on path to Nazism
- C) F's alternate viewpoint
- 1) Welfare state ≠ / doesn't have same origin as Nazi, fascist, Stalinist state
 - 2) Totalitarian state is in fact a withering away of state in favor of the party
 - a) It is not the police state pushed to its limit
 - b) In fact it is a non-state governmentality, a governmentality of the party
 - 3) Twentieth century state is reduction of state / raison d'Etat
 - a) Growth of party governmentalities
 - b) Liberal governmentality
 - 4) Conclusion: contemporary (1979) analyses based on state phobia
 - a) Are not new but old-fashioned neo-liberal ideas
 - b) Are mistaken if they attribute a fascist growth tendency to state
 - i) Fascism (as party governmentality) is exogenous to state
 - ii) Fascism is reduction of state, not its growth
- II) To study diffusion of German neoliberalism in France, we must first distinguish it from US
- A) France as site of "diffusion" of German model
 - 1) France has a strong state-centered, interventionist, administrative governmentality
 - 2) Occurs in midst of economic crisis
 - 3) Agents of implementing the German model are state administrators in midst of a crisis
 - B) US
 - 1) Has own neoliberal tradition, though w/ complex interrelation w/ Germans (via Hayek)
 - 2) Political aspect of US economic aspect (questioning of New Deal)
 - 3) Agents are not government administrators, but political opposition movement
- III) Focusing on France: Giscard's policies
- A) Economic Context
 - 1) Shift in policy objectives
 - a) From Keynesian full employment, etc
 - b) To neoliberal price stability (anti-inflationary / monetarism)
 - 2) Diagnosis of the crisis
 - a) Not Keynesian underconsumption
 - b) But as problem w/ investment choices
 - 3) Oil crisis
 - a) Not the formation of OPEC as cartel of sellers / producers

- b) But decline in market / geopolitical power of cartel of buyers / consumers
- 4) Liberal solution was integration of French economy in European / world economy
 - a) Just another swing in French history btw *dirigiste* and liberal orientation?
 - b) No, it's really the question of a different regime, neo-liberalism
- B) Social policy
 - 1) Historical remarks
 - a) Two problems
 - i) Full employment as economic / social priority
 - ii) Avoiding devaluation (inflation) due to economic growth
 - b) Model was "war" as national solidarity leading to "social security coverage of risks"
 - 2) Solution: collective consumption / permanent redistribution of income ("welfare state")

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

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

- i) Everyone is an enterprise
- ii) "Floating population" around the threshold subject to precarious labor conditions

D) Summary

- 1) Renunciation of Keynesian goal of full employment
- 2) Neoliberal aim is now integration of all of society in a market economy
- 3) New "reserve army of unemployed" / downward pressure on wages [NB: not F's terms]
 - a) Precarious / "floating" population around threshold
 - b) Not same as 19th C production of proletarians via destruction of peasantry
 - c) Now system works via subjectivity, not brute force / coercion by fear of starvation
 - i) You don't have to work in order to survive; you only work if it's in your interest
 - ii) This is a liberal system
 - (a) ≠ Bureaucratic system (social workers establishing causes of poverty)
 - (b) ≠ Disciplinary system (prisons / poor houses / work houses)
- 4) Radicalization of German ordoliberal thought