
Neoliberalism as Political Discourse: The Political Arithmetic of *Homo oeconomicus*

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Of all 'discourse', governed by desire of knowledge there is at last an 'end', either by attaining or by giving over. And in the chain of discourse, wheresoever it be interrupted, there is an end for that time. If the discourse be merely mental, it consisteth of thoughts that the thing will be, and will not be; or that it has been, and has not been, alternately. So that wheresoever you break off the chain of a man's discourse, you leave him a presumption of 'it will be,' or 'it will not be,' or 'it has been,' or 'has not been.'

Hobbes (2009) *Of Man, Being the First Part of Leviathan*, p. 22. Cited in Hasse (2007)

Introduction: Genealogy of Political Discourse

The Middle English *discours* comes from the Medieval Latin *discursus*, meaning argument, or conversation, although it does also have the connotation in Latin of the act of running about, from *discurrere* (*dis-* + *currere* to run). The late Middle English denotes the process of reasoning and adds the sense of a verbal exchange of ideas, or more precisely, a formal and orderly and usually extended expression of thought on a subject as a means of organizing knowledge and experience rooted both in language and history. Critical discourse thus refers to the capacity of discourse to order our thoughts on a topic or institution in a rational way. This exemplifies the use of Hobbes in the opening quotation where he refers to the chain of discourse 'governed by the desire of knowledge'. It was also commonplace in the late 17th century when 'political discourse' became an established branch of discourse that dealt with and theorised civil society in relation to its principles and prime elements. The conception of political discourse and its analysis was revived in the twentieth century especially in the work of Michael Foucault and those following him (such as Fairclough, and Ball) turn political discourse into a specific mode of theoretical analysis for understanding politics and policy more specifically. Political discourse analysis has also been put to good use in Ernesto Laclau and Chantal Mouffe's blended Marxist, poststructuralist, and psychoanalytic theory (Torfing, 1999; Smith, 1998). In particular, there was an explosion of interest in discourse theory with the production of leading texts by the critical historian Hayden White (1978) who wrote

Tropics of Discourse strongly influenced by Foucault, and van Dijk (1984) who edited an early handbook from the perspective of social linguistics.

At the beginning of the 1990s there were a spate of new texts including van Burman and Parker (1993); Dijk (1997); Potter and Wetherell (1987) as well as new journals such as *Discourse and Society*, *Discourse Studies*, and *Discourse Processes* and new textbooks (Macdonnell, 1986; Mills, 1997; Williams, (1999)).¹ This disciplinary formation indicated that the early interests of Foucault and Barthes in the 1970s, themselves a product of developments in structural linguistics, literary analytics and the 'linguistic turn' more generally, were developed as standard methodologies in the late 1980s and 1990s and they became the new common-sense procedures in the social sciences in opposition to empiricist and positivist research. Discourse analysis and political discourse analysis had at last truly arrived and become academically institutionalised as a, perhaps *the*, major theoretical and methodological approach of the late twentieth century.

Part of the appeal and promise of these new discourse approaches and methodologies is that they provided relatively easy access to policy as discourse and to new theoretical understandings of the old Marxist question of ideology and power. Certainly, one of the major questions facing us as social scientists is how the ideology of the market finds its way into ordinary language in advanced liberal democracies that were once welfare states, to become so much public common-sense and part of our everyday reality? Today discourse theory and approach are routinely adopted as methodologies to explain the behaviour of people and events as well as the formation of public policy. How does discourse analysis become second nature? How does the discourse become the preferred form of political conversation and analysis in a fundamental movement from a moral vocabulary of social democracy to a language of rational choice and marketspeak?

We can be certain that this is not just a shift of discourse but rather a more profound shift in the underlying philosophy of language and political reality that guides the historical transition from liberalism to neoliberalism – let's say the *shift of governmentalities* reflected in the emergence of neoliberal discourses (in the plural): philosophical discourses in the form of doctrines, treatises, and scholarly works in related disciplines of political philosophy and political economy; statements, party manifestoes and political advertising; conferences presentations and the development

1 I based my brief survey here on the useful footnote (fn. 1) by David Howarth and Yannis Stavrakakis (2000) 'Introducing Discourse Theory and Political Analysis' in Howarth; Norval & Stavrakakis (2000).

methodologies, academic articles and books, and not least policies that aim at implementing and giving concrete expression and application to a range of related ideas to reconstruct society as economy.

One of the most enduring revolutionary make-overs of the humanities and the social sciences came with the turn to language. In the early twentieth century under the influence of a variety of formalisms, language entered into a structuralist mode of understanding that quickly became a scientific and systematic orientation to poetics and to language, considered as a system through semiotic means. This was not *one* tendency and was open to various technical developments: Russian, Czech and Polish Formalisms (Shklovsky, Jacobson, Levý) in literary theory that became the basis for Prague and French structuralism (e.g., Levi-Strauss, Barthes, Foucault), aided by Saussurian insights from structuralist linguistics that became the predominant approach to cultural phenomena such as myths, rituals, and kinship relations. This movement in language philosophy and linguistics was also supported by different moments in analytical philosophy that took the form of verificationism and later, ordinary language analysis, after Wittgenstein and Austin. Nor should we forget the growing influence of the powerful paradigm in semiotics developed by Peirce as the philosophical study of signs, based on the triadic relations of sign, its object, and its interpretant; or, Bakhtin's dialogism maintaining that all language and thought is dialogical, meaning that all language is dynamic, relational, and engaged in a process of endless redescriptions of the world. Ideal language philosophy promised to develop a language based on symbolic logic free from all ambiguity to create a picture of reality. Ordinary language philosophy saw language as the key to both the content and method proper to philosophy fostering the view that philosophical problems are linguistic problems that can be resolved through linguistic analysis. Continental structuralism a method of interpretation and analysis of aspects of culture, cognition and behaviour analysable through the relational aspects of language as a system. Poststructuralism defined itself by opposition to the critique of structuralism, decentring the centrality of structures in culture, consciousness and language with an approach to the text and textual analysis that focused less on the author and more on the reader, a fictional view of the self as a unitary autonomous subject, and the text as a result of multi-faceted interpretations interrupted by power and social relations.

If there is one word that emerged from this divergent configuration it was the concept of discourse, now so commonplace and taken for granted that it is ever barely mentioned except in a methodological sense. Discourse modelled on coded conversation became the window to the social world of practices and policy directed to the analysis of statements.

Discourse as the monster concept of the twentieth century, along with ‘discursive formation’, was applied to disciplines like political economy and public policy, and across the social sciences. Discourse related to a formal way of thinking through language defining different genres, and identifying theoretical statements, that led to questions of power and questions about the state. The concept soon gave way to ‘discourse analysis’ especially in a political sense during the 1970s that served as the means for analysing public policy in a post-positivistic approach that was sensitive to institutions, bodies of knowledge and questions of power. In the first instance, it drew methodological lessons and analytical tools from literary structuralism, textual exegesis and hermeneutics. ‘Critical discourse analysis’ (CDA) developed in the 1970s as a methodology for analysing political speech acts by relating them to the wider socio-political context. Michel Foucault was one of the first to theorise discourse as social practices that organise knowledge in relation to larger historical *epistemes*. The discourses are seen to be produced by the effects of power which legitimate knowledge and truth, and construct meaning and certain kinds of subjects.

By the time neoliberalism first came on the scene in the first phase of the shift from political philosophy to policy in the 1980s, well after Hayek’s formation of the Mt Perelin Society, with the elections of Thatcher and Reagan, the apparatus for the social anatomy of policy through ‘critical discourse analysis’ was well established. The political evolution of neoliberalism as a Discourse (with a big D, as opposed to a small d, standing for discourses) can be traced through the emergence of the figure of *homo oeconomicus* as a construction of human beings as economic agents who operate consistently in markets as rational and self-interested ‘utility maximisers’. The term historically appeared in early works of political economy such as Mill’s (1836) ‘On the Definition of Political Economy, and on the Method of Investigation Proper to It.’ Adam Smith in *The Wealth of Nations* spelt out the notion of self-interest. Economists of the nineteenth and twentieth century built *mathematical* models based on these assumptions. The inherited philosophical concepts and assumptions of rational choice actually go back to the beginnings of political economy that experienced various revivals through to the development of the main schools of economic liberalism in the twentieth century that Foucault (2009) identifies in *The Birth of Biopolitics*.

Discursus Politicus

In ‘The History of Discourse as Literary History’ Fee-Alexandra Haase (2007) traces ‘discourse’ to dialectics in the Greek philosophical tradition

where discourse was practiced and learned by the public speakers in Athenian democracy according to logic principles. While its origins goes back to antiquity and specifically to the problem of truth and rhetoric in democracy the concept emerges in the medieval era as type and genre with early works by Ockham, Godefroy and Causanus and in Latin writings in Europe, for example, *Discursus Politicus de Societatis Civilis Primis Elementis* by Johannes Gotthard von Böckel (1677), that provide the following typology of modern times:

Discursus Politicus - Political Discourse - Deliberation

Discursus Academicus - Academic Discourse - Education

Discursus -Panegyricus - Panegyric Discourse - Entertainment

Discursus Iudicialis - Legal Discourse - Law

(From Haase, 2007: p. 6)

Haase (2007) provides a potted history of discourse – ‘European Reception of the Concept “Discourse” and the Literature on Discourse in the 15th to 19th Century’ starting with Hobbes and working through to Hume, and Locke. Descartes, he suggests, was the first to write about reason and discourse in his *Discourse On the Method of Rightly Conducting the Reason*. In the 19th century discourse was rendered as rhetoric by the likes of Theodore W. Hunt who wrote *The Principles of Written Discourse*. Haase’s (2007) brief history mentions Wittgenstein on the limits of discourse as well as the dominant theorists of Saussure and Foucault. Haase’s (2007) paper is insightful but inconsistent and risks losing its focus – the link between Saussure (misspelt) and Foucault is tenuous and left unexplained. One of the problems is that he uses secondary texts to explain different theorists including Foucault.

There is no doubt of Foucault’s importance as one of the thinkers who encouraged the development of discourse theory and in particular political discourse theory. One has to go no further than Foucault inaugural lecture at the College de France when he was elected to the college in 1970. ‘The Order of Discourse’, a classic text by Foucault in every sense – bold, complex, historically detailed, shadowing the early concept of power/knowledge – was an inaugural lecture at the Collège de France, given on Dec. 2, 1970, and published in French as *L’Ordre du Discours* (Paris: Gallimard, 1970). He begins self-referentially by commenting on the context of his own lecture and commenting “that in every society the production of discourse is at once controlled, selected, organised and re-distributed by a certain number of procedures whose role is to ward off its powers and dangers, to gain mastery over its chance events, to evade

its ponderous, formidable materiality” (“The Order of Discourse” 52). He mentions the ‘procedures of exclusion’: prohibition; division of discourses (based on madness and reason); the opposition between truth and falsity; and, internal procedures, including the principles of order within discourse: commentary (canonical texts and their commentary); the author, as an organising principle (the author-function); disciplinarity and how discourse constitute autonomous knowledge systems. Foucault also approaches the conditions to the access of discourse: how and who enters the discourse; societies of discourse; doctrines; appropriations, in particular its social appropriation. He comes at last to philosophical themes and the notion of ideal truth as the law of discourse, a kind of immanent rationality as the principle for the development of discourse and what he calls the founding subject, the rational autonomous self that is the agent of liberal, the holder of rights, and the foundation of Kantian morality.

Homo Oeconomicus and The Rise of Rational Choice

Some wag in a student blog had written: ‘My neoliberal university made me a rational utility maximiser!’ Another had written underneath it: ‘Ok for economics but not good for me doing classics’. Someone else had typed: ‘If I send me the language, will he make me one too?’ Someone else again wrote: ‘I’m doing economics, but utility maximization is too narrow as a model of rationality’. And another wrote: ‘Where’s emotion? I’m a passionate guy!’ To which someone responded: ‘I’m a leeming; buy, buy, buy.’ And yet another student wrote: ‘Ebullient losers!’. Another: ‘You really know how to hurt a guy. I’m studying behavioural finance!’ Others responses were hurriedly written: ‘Nudge, nudge – welcome to the architecture of choice’; ‘Oh rational choice – what of *The Theory of Moral Sentiments*?’; ‘I am risk averse’; ‘Can anyone tell me the difference between ‘expected utility’ and ‘dependent utility’ theory?’ Immediately below some smart fellow: ‘Has anyone heard of cumulative irrationality? I’m in a sinking boat in the ecosphere!’ ‘Hey, human judgement and decision making under uncertainty is not perfect’; ‘I am into ‘reciprocal altruism’ and ‘inequity aversion’ – anyone want to play?’²

The theme of the knowing and founding subject is particularly apt here because it is a substantial philosophical motif animating political discourse as it is invested by the concepts of liberalism as a political ideology. The liberal self – the rational autonomous actor of liberalism developed in the prior two hundred years becomes the ‘rational utility maximiser’, the

2 This is a piece of fiction I employ as a pedagogical device.

rational choice maker of neoliberalism as it is embedded in the revival of neoclassical *homo economicus*. The transition from Kantian moral theory to neoliberal economic theory via rational choice theory is complete. The discourse has generated a transformation, a mutation that springs to life as an abstract genderless creature that is radically individualist impervious to context, to culture, to desire, and a calculus. Could anything be less human?

At the same time this abstract figure of moral discourse and economic discourse represents gains and losses. It harbours of old moral categories buried deep in its formulations yet it provides an easy calculus, a means of measurement that the discourse demands. And yet *homo economicus* also is constituted through three assumptions: (1) the assumption of individualism – all choice makers are individuals and even firms are modelled on this; (2) the assumption of rationality, a rather old-fashioned out-of-date concept that suffers from its Cartesian heritage of a disembodied calculating mind; and, last but not least, the assumption of self-interest. The critique of neoliberalism, to my mind, revolves around the criticism of each of these three assumptions: their abstract economic imperialism against other behavioural models in anthropology, philosophy and psychology; the essentialist construction based on foundationalist epistemology and ethics; the gendered nature of *homo economicus* and its culturalist abstraction of a single white male; the individualist bias against all forms of collectivist decision-making based on the family, the group and class; the profound critique of rationality by reference to the psychology of preference formation and the psychoanalytic demonstration of various forms of unconscious irrationality; the attack on the underlying concept of the self in ‘self-interest’ as a rational utility maximiser. Of course, these are all the mark of the beginnings of political economy as a discourse emerging from ‘natural philosophy’, especially in Scottish and French Enlightenment thought before the disciplinary formation of economics, politics and philosophy proper. These features or characteristics of the discourse of political economy have passed into political and economic theory mostly without revisions or reflection. The influence of social context as recognised in concepts of ‘bounded rationality’ or ‘social rationality’ only recently lead us to talk of ‘situated rationality’, or even ‘exuberant irrationality’ in behavioural finance and accounting. The old discourse of political economy of the liberal economist at the time of Marx (including Smith and Ricardo) live on in 17th century abstract figures that reflect the categories of Cartesian science.

Deconstructing neoliberal discourse in general terms we can say that a commitment to the free market involves two sets of claims: (i) claims

for the efficiency of the market as a superior allocative mechanism for the distribution of scarce public resources; and, (ii) claims for the market as a morally superior form of political economy. This simple historical naïve and unreflective revival of *homo oeconomicus* involves a return to a crude form of individualism which is competitive, 'possessive' and often construed in terms of 'consumer sovereignty' ('consumer is king'). The argument of public choice is then to set about redesigning public services by making them *consumer-driven*, and, for example, creating the student as a consumer of education, or citizen as a consumer of health which also means that these services can be easily privatised and marketised.

In terms of political economy, the market-driven ideology puts an emphasis on freedom over equality where 'freedom' is construed as the capacity to exercise a rational choice in the marketplace based on one's self-interest. This underlying concept of freedom is both negative and strictly individualistic. Negative freedom is freedom from state interference which implies an acceptance of inequalities generated by the market. The discourse of the neoliberal market thus changes the emphasis and priority of values of freedom and equality reversing these values in the transformation of welfare state discourse to neoliberal market discourse. Neoliberalism as pure theory adopts an anti-state, anti-bureaucracy stance, with attacks on 'big government' and 'big bureaucracy'. It tries to replace state paternalism, big mummy state, arguing that the individual better placed than the state to purchase their own education and health arrangements. The attack on 'big' government made on the basis of both economic and moral arguments, and tends to lead corporatisation and privatisation strategies to limit the state. Foucault draws our attention to the fact that liberalism is a doctrine of the self-limiting state – it is of course against all forms of totalitarianism and Fascism (that by contrast holds there is nothing outside the state). The doctrine of the self-limiting state has blind faith in the market as a mechanism of distribution of resources that in the long-term results in a trickled down equality. It ignores the way that markets can be controlled by huge utilities and oligarchies that care little for the rights of consumers or for the inequalities generated by the market as Thomas Pickerty has demonstrated so well. Often this discourse framed up as theory or doctrine is written up as a protection of the individual's rights against the state. In the digital age, such protection means protection of personal data and privacy but little protection for the way capitalism relies on advertising and psychological digital profiling that active in preference formation especially for the pre-verbal very young that it schools as consumers. It is also the case in practice that neoliberalism, pure market doctrine, has achieved power through a marriage

with conservatism touting a moral conservatism that is anti-socialist, anti-feminist and anti-immigrant.

Education as a Commodity

In terms of education the discourse of neoliberalism became a discourse aimed at changing the prevailing discourse of public policy that developed after WWII as one derived from social welfare, state redistributive policies, and social democracy. It aimed to convince voters that education shares the main characteristics of other commodities traded in the marketplace, and that it is not a 'public good'. The benefits of education accrue to individuals, it is argued. Often neoliberal have argued that we have been too optimistic about the ability of education to contribute to economic growth and equality of opportunity. Furthermore, they argue increased expenditure in education does not necessarily improve educational standards or equality of opportunity, or, indeed, lead to improved economic performance. The standard argument is that the education system has performed badly despite absorbing increased state expenditure. Sometimes, this argument has been supported by a manufactured discourse of 'crisis' – the crisis of educational standards, the crisis of teacher education, the crisis of literacy.

The neoliberal discourse suggest that the reason education has performed badly is because teachers and the educational establishment have pursued their own self-interest rather than those of pupils and parents; that is, they are not responsive enough to the market and consumer interests. The discourse frames this by arguing, specifically, the educational system lacks a rigorous system of accountability. There is not enough information for consumers to make intelligent choices and a lack of national monitoring so that consumers cannot compare the effectiveness of schools. The main problem under welfare state according to the neoliberal discourse is that government intervention and control has interrupted the 'natural' free-market contract between producer and consumer causing bureaucratic inflexibility, credential inflation and hence, educational inequality.

The policy solutions are prescribed by the logic of the market discourse. They fall out of the history of liberal political economy and the recent revival of homo economicus as the main theoretical motivation for neoliberal discourse. Break up and disestablish large state education bureaucracies, introduce school governance with autonomous boards, and competitive funding; re-evaluate the role of the State in the provision, management and funding of education; introduce the merits of market or quasi-market models relating to issues such as consumer choice in relation

to participation and access in education. The discourse intervenes by disputing the nature of education as a public or private good and reassesses the respective merits of public versus private provision in education and whether the benefits accrue to the community or to individuals.

Public Choice theory, a variant of rational choice theory developed by James Buchanan and Gordon Tulloch (1962) in *The Calculus of Consent*, became the theoretical discourse that functioned as a political meta-discourse comprised of the following principles that have been used to restructure the public sector:

1. An emphasis on management rather than policy;
2. A shift from input controls to quantifiable output measures and performance targets;
3. The devolution of management control coupled with new accountability structures;
4. Breaking up large bureaucracies into autonomous agencies;
5. Separation of commercial and non-commercial functions, and policy advice from policy implementation;
6. A preference for private ownership (e.g., contracting out);
7. Contestability of public service provision;
8. Emulation of private sector management styles;
9. An emphasis on short-term performance contracts;
10. Replacement of public service ethos of impartiality with monetary sanctions and incentives;
11. A preference for litigation model for redressing personal grievance;
12. An emphasis on efficiency, profit, and cost-cutting.

Public Choice quickly established itself as the very essence of new management theory and managerialism. In a few short years after Margaret Thatcher and Ronald Reagan were elected to power in 1979 and 1980 respectively the discourse of neoliberalism with its market prescriptions was developed as public policy. The *contest of discourses* has taken place much earlier. Certainly, the Keynesian employment state seemed the answer and become the entrenched view during the Great Depression. An enlarged central welfare state carried through reforms that provided 'free education' provision at primary, secondary and tertiary levels through until the Oil Shocks of the 1970s when populations began to increase rapidly and the demand for state services seem to outpace expected revenue. The notion of public good was systematically challenged. The big state, the nanny state, was also questioned shifting the balance and responsibility back to individual citizens. The state shed its load and responsibility

and began to embark of massive state asset sales and privatisation strategies to alleviate the state of its financial and welfare responsibilities. The neoliberal discourse of individual responsibility and market choice gained traction in endless debates where these ideas contested the prevailing paradigm of social democracy.

The classical model of social democracy emphasised its pervasiveness in economic life where the state predominates over both civil society and the market with a collectivist welfare orientation based on Keynesian demand management and the mixed economy with narrow role for markets and an emphasis on full employment. The comprehensive welfare state, protecting citizens 'from cradle to grave' reflected a philosophy of egalitarianism based on an inherited value of equality. By comparison, neoliberal stressed minimal government and autonomous civil society with a philosophy of market fundamentalism based on economic individualism that accepted inequalities and provided welfare state as safety net.

Except for a brief episode of so-called Third Way, a new democratic state based on active civil society and social investment where equality is defined in terms on inclusion, neoliberalism has been the only game in town. The economic discourse of neoliberalism has presided over the social sciences and humanities as the mega-paradigm for all social behaviour. It has export its methodologies to all the social disciplines and policies and the rational autonomous chooser – 'the rational utility maximiser' – has been the modern derivation of *homo oeconomicus*. The origins of the discourse of family of discourses go back some way historical to the development of forms of economic liberalism as Foucault so expertly points out. Indeed, the meta-values of freedom and equality that sustain philosophical discourses of the 18th and 19th centuries get transcribed and re-theorised through the introduction of the discipline of political economy beginning with Callon and Adam Smith among others.

The history of equality from antiquity onward reveals that the notion of equality has been considered a constitutive feature of justice whether in its formal, proportional, or moral sense. Until the eighteenth century human beings were considered unequal by nature. The principle of natural equality only became recognized in the modern period beginning in the seventeenth century in the tradition of natural law as defined by Hobbes and Locke, and in social contract theory first postulated by Rousseau. The equality postulate of universal human worth and the idea is taken up formally in declarations and modern constitutions, notably the French Declaration of the Rights of Man and of the Citizen (1789) (*Déclaration des droits de l'Homme et du Citoyen*), the American

Declaration of Independence (1776), The US Constitution (1787), and the Universal Declaration of Human Right (1948).

Individualism/Community – Freedom/Equality

Neoliberalism, then, represents a struggle between two forms social policy discourse based on opposing and highly charged ideological metaphors of ‘individualism’ and ‘community’ together with their operating philosophical values of freedom and equality. One form posits the sovereign individual emphasizing the primacy over community and State; the other, what might be called a rejuvenated social democratic model, inverts the hierarchy of value to emphasize community or ‘the social’ over the individual. As such it is an intellectual struggle that runs through twentieth century thought and traverses a range of subjects, with roots going back at least to the Enlightenment in different native traditions. It is therefore a complex, subtle and dynamic discourse, changing its historical and disciplinary forms as it matured as a political doctrine, international movement, and set of political and policy practices (Peters, 2011).

Since the early 1980s the terms ‘individual’ and ‘community’ – and their associated discourses of individualism and communitarianism together with their guiding values of freedom and equality – have defined the ideological space within which competing conceptions of the state, welfare, market, and education have been articulated. During the last forty years in countries around the world, the reform of the core public sector, the massive privatisation program involving state assets sales, the restructuring of health and education, the welfare benefit cuts bear witness to the triumph of a discourse of individualism over one of community. Indeed, since the mid- 1980s many countries have experienced the effects of an experiment modelled on a neoliberal view of community: broadly speaking, that of a society in which free individuals pursue their own interests in the marketplace. This view of community as ‘the free society’ implies a restricted role for government with clear limitations in providing certain common goods by way of taxation – the ‘night-watchman’ state. In short, this neoliberal view rests on a discourse of individualism as the most fundamental and unifying premise which emphasizes individual responsibility within a free-market economy and, thereby, defends the notion of the minimal state on moral as well as efficiency grounds.

Foucault on Neoliberalism

Michel Foucault was one of the very first philosophers to explore the conceptual genealogy of neoliberalism as one of the four main forms of economic liberalism emerging in the early twentieth century with links back

to the late sixteen century. Foucault's account of neoliberalism linking it to forms of governmentality provides an understanding of its inherent longevity, its tenacity and resistance to all counter-evidence, and its dynamic ever-changing character as a discourse that is both expansive in social field and modifiable in the face of world events.

One of the four main forms of economic liberalism analyzed by Michel Foucault (2008) in his historical treatment of the birth of neoliberalism in *The Birth of Biopolitics* was American neoliberalism represented by the late Gary Becker. It was Becker (1962) who on the basis of Theodor Schultz' work and others introduced the concept and theory of human capital into political economy, privileging education in his analysis. This "chapter" traces the inception of human capital theory and analyses it in terms of Foucault's analysis of how Becker developed an approach that is not a conception of labour power so much as a "capital-ability". Foucault captures this point in the following comment: "the replacement every time of *homo oeconomicus* as partner of exchange with a *homo oeconomicus* as entrepreneur of himself, being for himself his own capital, being for himself his own producer, being for himself the source of his earnings."

The *responsibilization of the self* – turning individuals into moral agents and the promotion of new relations between government and self-government – has served to promote and rationalize programs of individualized "social insurance" and risk management. By defining Foucault as part of the critical tradition we can get some purchase on his theoretical innovations – particularly his impulse to historicize questions of ontology and subjectivity by inserting them into systems or structures of thought/discourse (an approach that contrasts with the abstract category of the Cartesian-Kantian subject). His notion of governmentality was developed and played out against these tendencies.

Foucault's account of classical liberalism is related to a set of discourses about government embedded in the 'reason of state' (*ragione di stato*) literature of the later Italian renaissance beginning with Giovanni Botero and Machiavelli, and later in the emergence of the 'science of police' (*polizeiwissenschaft*) in eighteenth century Germany where it was considered a science of internal order of the community. Reason of state reinforces the state by basing the art of government on reason rather than God's wisdom or the Prince's strategy. It is essential a set of techniques that conform to rational principles that are based on new forms of expert knowledges about the state – its measurement and so-called "political arithmetic" – and issues in a kind of pastoral care that teaches social virtues and civil prudence. This new art of government represents a break with Christian doctrine as it progressively becomes concerned with

the emergence of civil society based on rights. Foucault's genealogy of the emerging political rationality grafts reason of state on to 'science of police' (*polizeiwissenschaft*) which come to prominence with the rise of market towns. The police are a condition of existence of the new towns and co-extensive with the rise of mercantilism in particular regulating and protecting the market mechanism. They are a correlate of the rise of capitalism and the new science of political economy.

Neoliberalism can be seen as an intensification of moral regulation resulting from the radical withdrawal of government and the responsabilisation of individuals through economics. It emerges as an actuarial form of governance that promotes an actuarial rationality through encouraging a political regime of ethical self-constitution as consumer-citizens. Responsibilisation refers to modern forms of self-government that require individuals to make choices about lifestyles, their bodies, their education, and their health at critical points in the life cycle, such as giving birth, starting school, going to university, taking a first job, getting married, and retiring. Choice assumes a much wider role under neoliberalism: it is not simply 'consumer sovereignty' but rather a moralization and responsabilisation, a regulated transfer of choice-making responsibility from the state to the individual in the social market. Specifically, neoliberalism has led to the dismantling of labor laws that were an important component of the welfare state and to increased reliance on privatized forms of welfare that often involve tougher accountability mechanisms and security/video surveillance.

A genealogy of the entrepreneurial self, reveals that it is a relation that one establishes with oneself through forms of personal investment (including education, viewed as an investment) and insurance that becomes the central ethical and political components of a new individualized, customized, and privatized consumer welfare economy. In this novel form of governance, responsabilised individuals are called upon to apply certain managerial, economic, and actuarial techniques to themselves as citizen-consumer subjects – calculating the risks and returns on investment in such areas as education, health, employment, and retirement. This process is both self-constituting and self-consuming. It is self-constituting in the Foucauldian sense that the choices we make shape us as moral, economic, and political agents. It is self-consuming in the sense that the entrepreneurial self creates and constructs him- or herself through acts of consumption.

In *The Birth of Biopolitics* Foucault (2008) provides an account of how American neoliberalism is a form of governmentality based on the production of subjectivity, and in particular how individuals are

constituted as subjects of 'human capital'. Seven of the twelve lecture are devoted to German and American neoliberalism. In the ninth lecture he turns explicitly to American neoliberalism to focus on its differences with the German versions and its claim to global status, turning immediately to human capital theory as both an extension of economic analysis including the classical analysis of labour and its imperial extension to *all* forms of behaviour (those areas previously considered to belong to the non-economic realm). In this context Foucault examines the epistemological transformation that American neoliberal effects in the shift from an analysis of economic processes to one that focuses on the production of human subjectivity through the redefinition of *homo oeconomicus* as "entrepreneur of himself." In this same context, he examines the constitutive elements of human capital in terms of its innate elements and genetic improvements and the problem of the formation of human capital in education and health that together represent a new model of growth and economic innovation.

In the tenth lecture, again he discusses American neoliberalism including the application of the human capital model to the realm of the social and the generalizability of the enterprise form to the social field. In this lecture, he also discusses aspects of American neoliberalism in relation to delinquency and penal reform, *homo oeconomicus* as the criminal subject and the consequences of this analysis for displacing the criminal subject and 'disciplinary society.' In the eleventh lecture, he returns to the question of how *homo oeconomicus* in American become generalizable to every form of behaviour. This is the genealogy of *homo oeconomicus* that begins as the basic element of the new governmental reason appeared in the eighteenth century before Walras and Pareto. In Hume and British empiricism we witness 'the subject of interest' that is differentiated from the legal subject and juridical will, representing contrasting logics of the market and the contract. He also charts and discusses the economic subject's relationship with political power in Condorcet and Adam Smith, the link between the individual's pursuit of profit and the growth of collective wealth. In this environment political economy emerges as a critique of governmental reason.

In the course of discussion Foucault mentions Gary Becker twelve times, as the Vice-President of the Mont Pelerin Society in 1989, winner of the Nobel Prize in 1992 and author of 'Investment in human capital: a theoretical analysis', published in the *Journal of Political Economy* in 1962, and considerably expanded into *Human Capital: A theoretical and empirical analysis with special reference to education* in 1964. He regards Becker as 'the most radical of the American neo-liberals' and writes:

Becker says: Basically, economic analysis can perfectly well find its points of anchorage and effectiveness if an individual's conduct answers to the single clause that the conduct in question reacts to reality in a nonrandom way. That is to say, any conduct which responds systematically to modifications in the variables of the environment, in other words, any conduct, as Becker says, which "accepts reality," must be susceptible to economic analysis. *Homo economicus* is someone who accepts reality. Rational conduct is any conduct which is sensitive to modifications in the variables of the environment and which responds to this in a non-random way, in a systematic way, and economics can therefore be defined as the science of the systematic nature of responses to environmental variables (Foucault, 2008: p. 269).

The importance of this 'colossal definition' is to make economic analysis amenable to behavioural techniques defined in its purest form by B.F. Skinner where conduct can be understood "simply 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 behaviour can be introduced" (p. 270). This speaks to Becker's analysis which inherently points to manipulation and control of the subject. But there is another more important aspect in which Foucault is interested. In the eighteenth century *homo oeconomicus* is someone who pursues his own interest (historically a male subject), and whose interest is such that it converges spontaneously with the interest of others. 'From the point of view of a theory of government, *homo oeconomicus* is the person who must be let alone" (Foucault, 2008: p. 270). Yet in Becker's definition

... *homo oeconomicus*, that is to say, the person who accepts reality or who responds systematically to modifications in the variables of the environment, appears precisely as someone manageable, someone who responds systematically to systematic modifications artificially introduced into the environment. *Homo oeconomicus* is someone who is eminently governable (Foucault, 2008: p. 270).

Thus Foucault argues, 'From being the intangible partner of *laissez-faire*, *homo oeconomicus* now becomes the correlate of a governmentality which will act on the environment and systematically modify its variables' (*op.cit.*, pp. 270–1). This is Becker's major innovation and Foucault leaves us in no doubt that in the grim methodology of human capital leaves little room for human freedom except as a form of consent assumed by market agents or consumers who operate by making choices in the marketplace.

Foucault leaves us in no doubt about the production of subjectivity that issues from an abstract conception of human nature as fixed, essential, rational, self-interested and universal and the method by which in liberal cultures human beings have been *made* subjects through political discourse and regimes of power/knowledge that operates as a form of political economy, a manner of governing liberal states through the economy that depends on the government of individuals in era dominated by global markets.

Some critics point out that Foucault was the first political thinker to take Nietzsche seriously. He says in a biographical fragment that he started reading Nietzsche in 1953 and immediately understood Nietzsche's basic ethos that questions of power stand at the center of philosophy, a condition exercised by all living beings determining who they are in terms of their beliefs and values. Foucault's early understanding of Nietzsche enabled him to understand power as distributed, positive and constitutive of the subjects operating through their subjectivities – to understand power outside both liberal and Marxist political discourses that hypothesise power metaphysically as an entity with essential characteristics possessed by the State. As is now well known, Foucault utilising Nietzsche's fundamental insight of power in relation to 'knowledge' begins to develop the institutional and discursive formation of human subjects – they do not exhibit an essence but rather are made through discourse and the networks of power that define normativity – what is proper, what is 'good' and 'bad', what is 'rational', what is 'criminal', indeed, what is 'human': 'Power produces knowledge...knowledge and power directly imply one another' (Foucault, 1977: p. 27).

One of the strongest influences on Foucault's (1970) 'The Order of Discourse' is to be found in Nietzsche's (1887) *Genealogy*. A year later after the inaugural lecture on discourse Foucault (1971) publishes 'Nietzsche, Genealogy, and History' where he makes his debt obvious and traces Nietzsche's use of the term *Herkunft* to question the origin of moral pre-conceptions. In the *Genealogy* Nietzsche begins with 'My thoughts on the descent of our moral prejudices' (p. 4) which is hidden from us – as he says 'We are unknown to ourselves, we knowers: and with good reason' (p. 3); and he describes his 'characteristic scepticism' formed when he was just a boy about morality and the origin of moral categories 'good' and 'bad'. Thereupon he puts the questions:

under what conditions did man invent the value judgments good and evil? and what value do they themselves have? Have they up to now obstructed or promoted human flourishing? Are they a sign of distress,

poverty and the degeneration of life? Or, on the contrary, do they reveal the fullness, strength and will of life, its courage, its confidence, its future? (p. 4)

These are the questions that Nietzsche addresses to the discourse of morality – not to the origin of morality but to the *value* of morality: ‘we need a critique of moral values, the value of these values should itself, for once, be examined’ (p. 7). Foucault presents Nietzsche as a philologist of a certain kind – an investigation of concepts that is a philological genealogy that does not simply trace changing meanings of a term but exposes the historically contingent origins of moral ideals and practices. As such Nietzsche’s genealogy becomes a radical historicist critique that through discursive shifts demonstrates the historically contingent nature of moral concepts and categories that pretend to be transcendentally guaranteed or universally given.

In this sense, *Homo Oeconomicus* is that philosophical term embedded in the value of rationality, agency, individualism and self-interest that crystallises the history of political economy and its succession of economic discourses leading to its revival as the main philosophical approach to the subject and to the methodological calculus – political arithmetic (William Petty’s term) – of neoliberalism as a political discourse.

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